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ABSTRACT

The volume of Latin American farm exports is expected to grow modestly in 1982, but weak price prospects suggest that export revenues could stagnate or decline. The value of Latin American agricultural imports will be down in 1982 because of improved domestic production, declining world prices, weak demand, and growing foreign exchange shortages in many countries. U.S. agricultural exports to Latin America, which reached a record $6.4 billion in 1981, are expected to be lower in 1982. Imports from the region declined 10 percent to $6.5 billion, and they are expected to slip further in 1982. Agricultural production in Latin America was 5 percent higher in 1981 and 7 percent above the long-term trend. It has grown only modestly in 1982.

Keywords: Western Hemisphere, Latin America, agricultural production, trade, exports, imports, agricultural outlook.

FOREWORD

This report analyzes major developments in the agricultural situation of Western Hemisphere countries and their impact on agricultural trade in 1982. These include higher 1981 production, lower world prices, several civil crises, foreign exchange shortages, devaluations, and bankruptcies.

In 1981 and early 1982, the United States undertook several initiatives to help Latin American countries improve the functioning of their agricultural sectors. Such initiatives included the first of a series of presidential task forces to advise individual countries on agricultural development, and the drafting of a production and trade promotion program for the Caribbean Basin.

John Link, with the assistance of Lisa Shapiro, coordinated and directed the preparation of this report. Sections were written by Richard N. Brown Jr., J. Larry Deaton, Alan B. Maurer, Donnel O'Flynn, Nydia Rivera-Sanchez, D.H. Roberts, Samuel O. Ruff, Lisa Shapiro, Paul Trapido, and Ron Trostle. Deveta Eatmon prepared the statistical data. Norma Duarte and Linda J. Turner typed the report. The U.S. agricultural counselors and attaches in the region provided considerable information. Contacts in other U.S. agencies, universities, international organizations, and in foreign governments frequently provided additional assistance.

Unless otherwise specified, the metric system of weights and measures is used: 1 hectare equals 2.47 acres and 1 metric ton equals 2,204.6 pounds. Time periods are calendar years, values are denominated in U.S. dollars, and indices of agricultural production have a 1969-71 base period. Agricultural production and trade data are for crops and livestock and do not include fishery or forestry products. "Gross domestic product" is abbreviated to GDP and "gross national products" as GNP. Because of recent revisions, data in this report may differ from data used in previous reports. Data reflect the latest estimates through mid-1982.

The International Economics Division's program of agricultural situation and outlook analysis and reporting includes the following regularly scheduled publications: *The World Agricultural Outlook and Situation* published three times annually; regional reports on Asia, Africa, China, Eastern Europe, the Middle East, the Soviet Union, Western Europe, and the Western Hemisphere; the *Foreign Agricultural Trade of the United States* published bi-monthly; the *Food Aid Needs and Availabilities Report* published semi-annually; and the *Outlook for U.S. Agricultural Exports* published quarterly. Information on obtaining these publications is enclosed in this report.

We welcome any comments, suggestions, or questions concerning either this report or the current agricultural situation and outlook for the Western Hemisphere. Responses should be directed to the Latin America Branch, International Economics Division, Economic Research Service, USDA, Room 302, 500 12th Street, SW., Washington, D.C. 20250. Our telephone number is (202) 447-8133.

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WESTERN HEMISPHERE

REVIEW OF AGRICULTURE: 1982

SUMMARY 1982

Production Growth Slows

Canadian grain and oilseed production is expected to be high, even with an early frost, while livestock production should be near 1981 levels. Net farm income will be down in 1982 as a result of lower prices. However, larger cash receipts for livestock will have some positive influence. Farm costs are expected to increase 10 percent, more than offsetting the 5-percent rise forecast for total cash receipts.

Latin American agricultural production is growing only modestly in 1982, following the strong 1981 performance. Except in a few countries (e.g., Colombia and Venezuela), less favorable weather will reduce yields. Additionally, weak commodity prices, lower expectations for producer profits due to high interest and inflation rates, and indebtedness have discouraged some producers from planting as large an area or using as many yield-boosting inputs.

The downturn in most Latin American economies in 1981 is depressing economic and demand growth. This in turn is discouraging some production, particularly for livestock. Partially offsetting this are devaluations in Mexico, Argentina, Brazil, Peru, and Costa Rica, which will aid exports and, depending on when the devaluations occurred, encourage production of export commodities.

In Mexico, growth of agricultural production will likely slow to 2 percent, as yields of nonirrigated crops, such as corn, dry beans, and sorghum, fall from their 1981 records and as financial constraints prevent the Government from offering as much assistance to farmers as it did in 1981.

Argentine agriculture should enjoy moderate growth. Oilseeds will gain sharply, because higher sunflowerseed prices at planting time encouraged area expansion and a late-1981 drought caused some corn area to be shifted to soybeans. Grain output, however, will be off about 6 percent to 27 million tons, and beef production will drop slightly, as producers take advantage of better pastures and greater credit availability to rebuild herds.

Brazil's agricultural growth will decline from 1981's 6.8 percent—the result of the January 1982 dry spell that affected soybeans, rice, and corn; the July 1981 frost that hurt the flowering of the 1982 coffee crop; and bad weather for cocoa beans. Agriculture remains the priority sector, and various measures have been taken to stimulate output.

Central American prospects are mixed, with 2-percent average growth forecast for the area. Nicaragua will continue to recover from war-disrupted production, while El Salvador will likely suffer another decline in output.

Caribbean agricultural output is expected to be down slightly in 1982. Cuban agricultural growth should slow from 1981's 6-percent, with weather that has returned to more normal patterns. Production increases in other parts of the Caribbean will be modest at best, because 1981 constraints (shortages of inputs and low prices for export crops) will continue.

Trade Prospects Mixed

The rapid increases in Canada's agricultural trade during the last half of the decade will moderate somewhat in 1982. Weaker demand in Canada and many of its trading partners has set the stage for slower growth in that country's imports and exports.

The volume of Latin American agricultural exports will likely increase in 1982 because of higher inventories of most commodities. Nevertheless, depressed prices for sugar, cocoa, wheat, corn, beef, soybeans, fishmeal, cotton, and wool will cause export revenues to stagnate or decline. This leaves only coffee, orange juice, and possibly banana prices to boost export earnings in the region. Coffee quotas by exporting countries and sugar quotas by importing countries will also limit foreign sales.

Argentina's export supplies for 1982 include 3.8 million tons of wheat, 6.2 million of corn, 5.5 million of sorghum, 2.6 million of soybeans, and 0.5 million of beef. Exports which quickened during the first quarter in an apparent attempt to avoid possible supply disruptions because of the Falklands war, will likely be slower than usual later in the year, resulting in little change from the 1981 volume. Argentina's direction of trade should remain essentially unchanged in 1982, with previously signed contracts being largely unaffected by the European Community's ban.

Large declines in the grain import requirements of Mexico, Brazil, and Venezuela, and in Mexican oilseed purchases—all based on sizable production gains—will translate into a lower volume of Latin American agricultural imports. Growing foreign exchange shortages in Central America and the Caribbean will also constrain imports, in spite of lower prices for many commodities.

Imports from United States Expected To Decline

For fiscal 1982, Canadian agricultural imports from the United States are expected to decline about 7 percent. Canadian imports of corn, meat, and cotton are lower than in 1981, but imports of fruit and vegetables remain strong. Imports are expected to increase again in 1983, but they will remain below the 1981 high.

Latin American agricultural imports from the United States are expected to drop sharply to $5 billion in fiscal 1982. Higher domestic production, stagnant economic conditions, and lower export prices for many U.S. commodities are the main factors behind the decline from the record $6.9 billion reached in 1981. The largest decline will be in grains, where a 68-percent decline in sales is estimated.

Mexican purchases alone are expected to be down $1.1 billion or 40 percent. The main reasons are improved crop production, high carryover stocks, and the devaluation of the peso.

Improved grain harvests and limited foreign exchange availability will result in import reductions in other

Index of prices of key commodities, 1978-81 and outlook for 1982

Commodity	Ports	1978	1979	1980	1981	Forecast 1982
Raw sugar	Caribbean/N.Y.	39	48	141	83	Down
Coffee	Colombia/N.Y.	227	225	219	157	Partial recovery
Coffee	From Brazil	287	312	290	168	Partial recovery
Cocoa	N.Y./London	273	264	209	167	Down
Wheat	From U.S. Gulf	86	107	116	117	Down
Wheat	From Argentina	69	83	108	—	Down
Corn	From U.S. Gulf	85	97	105	110	Down
Beef	From U.S.	161	218	209	192	Down
Fishmeal	Hamburg	167	161	206	191	Down
Soybeans	U.S./Rotterdam	122	135	135	131	Down
Cotton	Liverpool index	136	145	177	158	Down
Bananas	L.A./U.S.	117	133	153	158	Up

— = Not available.

Source: International Monetary Fund and USDA's Economic Research Service.

countries. In Central America, imports are likely to drop 10 percent. Caribbean purchases are expected to fall 6 percent, mainly in wheat. In the rest of the region, improved supplies rather than financial considerations will provide weak markets. This is especially true for Peru, Venezuela, and Brazil.

Wheat and flour imports will decline about 10 percent, mainly because of improved crop conditions and depressed purchasing power. Many countries in desperate financial condition are deferring purchases as long as possible by substituting locally produced coarse grains, rice, and cassava for imported wheat.

U.S. feed grain exports to the region are expected to be down 6.7 million tons in 1982. About 5.3 million of this drop is attributed to Mexico and the rest primarily to Venezuela and Brazil. Production gains in Brazil and Mexico are expected to be the primary causes. The 1.2-million-ton decline in Argentine corn and sorghum production (harvested March-May) will have little affect on the U.S. feed grain market in Latin America.

Latin American purchases of U.S. soybeans will slip slightly to about 1.9 million tons in 1982, even though production in the region is also expected to be down slightly to 18.8 million tons. Small production gains in Argentina and Mexico will probably be offset by declines in Brazil and other countries, leaving the region's export total unchanged at 4.2 million tons in 1982. However, a sharp decline in U.S. soybean sales to Mexico is expected because of inroads into that market by Argentine and Brazilian exporters. U.S. sales to most other Latin American markets, however, will likely increase.

REVIEW OF 1981

Agriculture was the bright spot in the economies of most Latin American countries in 1981. In contrast to a Gross Domestic Product (GDP) growth of only 1 percent, Latin American agricultural production increased 5 percent. While nearly every country experienced slower economic growth than in 1980, over half enjoyed faster agricultural expansion. Of the principal 25 countries, 16 enjoyed per capita gains in domestically produced agricultural commodities. Canada also enjoyed a good year in 1981.

Good Year for Canada

Total Canadian cereal production hit a record 50.2 million tons in 1981, led by a 28-percent jump in wheat output, as farmers shifted acreage from oilseeds to cereals. Fruit production was more than 6 percent below the recent 5-year average, because of a severe winter and a late spring frost. Livestock production remained relatively stable.

South American Output Strong

In South America, production increased 5.5 percent overall, reflecting strong performances in all but three countries. Food staples—wheat, rice, beans, and potatoes—generally did well because of higher yields from improved weather (recovery from drought in three cases) and expanded area encouraged by higher support prices. Feed grains production was mixed. Ideal weather and a sharp increase in area (because of attractive prices) resulted in a doubling of Argentina's corn crop to 13 million tons, but heavy rains reduced feed grain output in several medium-sized countries.

Despite a slowdown in the growth in poultry production towards the end of the year, output was up around 7 percent to approximately 2.4 million tons. Beef production, at about 7.1 million tons, was up 4 percent, but unlike poultry, where the increases occurred in nearly every country, beef production rose in exporting countries and remained unchanged or declined in countries producing beef only for domestic consumption. This reflected high production costs for beef and competition from the often lower priced poultry in domestic markets. The production of other meats remained about the same as in 1980.

Coffee production, in which South America is the world leader, had a banner year. The two large South American producers, Brazil and Colombia, had larger harvests than in 1980. In Brazil, the 50-percent increase was the result of improved weather and the harvesting of new trees resulting from a replanting campaign that began in 1976. On the other hand, South American production of soybeans barely increased 1 percent, hurt by Argentine prices that favored grains over oilseeds.

As in other parts of Latin America, South American cotton production was discouraged by low prices. Output declined 5 percent to about 1 million tons. Sugarcane

was also down, but weather, rather than the declining prices, seemed to be the major factor behind the drop.

Mexican Production Up Sharply

Mexican agricultural production increased 6.5 percent in 1981, a response to the timely arrival of the rainy season and production incentives (price supports, subsidized credit, and increased availability of inputs) offered through the Mexican Food System (SAM) in its first full year of implementation.

Mexican production of basic food crops was up sharply. Coffee rose 5 percent, boosted by a 3-year rehabilitation program that offered improved varieties of trees to small farmers at no cost. Among crops, only those destined primarily for export (tomatoes, cotton, chickpeas, and strawberries) registered losses in 1981, reeling from the combination of low international prices and competition from the Government's incentives to produce food crops for domestic consumption.

Mexican livestock production increased 4 percent, propelled by a recovery in swine and robust growth in poultry. In both cases, growth was encouraged by strong consumer demand and was made possible by adequate supplies of feed. Despite the generally strong growth in production, structural problems in the livestock sector forced imports of large quantities of several livestock products (eggs, broilers, and beef) in which Mexico had previously been self-sufficient.

Central America Has Mixed 1981 Output

Output remained unchanged in 1981, but there were marked differences in the agricultural situations of the various Central American countries. El Salvador, where agricultural output declined nearly 15 percent, was the worst off; Panama, with output growth of 9 percent, did the best.

Economic difficulties and adjustments in the Central American countries took their toll. The shortage of credit for fertilizer, pesticides, and other operating expenses hurt production of export-oriented crops (cotton, coffee, and sugarcane) and limited the number of cattle that slaughterhouses could buy. The increasing cost of inputs, such as fertilizer and pesticides, particularly in the face of low world and domestically unsupported prices, discouraged their use and contributed to decreased 1981 cotton and coffee output. Low U.S. meat prices and the unavailability of slaughter animals in Nicaragua contributed to lower beef production.

Politically inspired violence had a negative effect on agricultural production in the region, with El Salvador and Guatemala the most affected. In both countries, many small farmers planted a smaller area in the face of threats or actual attacks on farms and personnel. This hurt grain production most, but coffee and, in El Salvador, cotton and sugarcane were also affected.

Finally, the uncertain status of land holdings in El Salvador and Nicaragua, together with adjustments in farm management following the redistribution of properties also lowered production by commercial operations.

A primary factor stimulating production in some countries was government support for increased production of grains and pulses. In Costa Rica, Honduras, and Panama, this took the form of higher producer price supports. In Nicaragua, government support via allocation of most of the available credit to the grain sector was behind the 30-percent increase in grain and pulse output, putting

Percentage change in production between 1980 and 1981 for selected commodities and country/region.

Commodity	Canada	Argentina	Brazil	Mexico	Caribbean	Central America	South America[1]	Latin America
Corn	14	100	10	20	24	8	1	25
Rice	NA	8	(10)	44	3	25	10	8
Sorghum	NA	140	27	11	23	3	17	56
Wheat	28	—	(16)	15	—	19	(11)	(1)
Soybeans	(14)	(4)	2	(143)	—	—	(5)	3
Potatoes	3	43	(2)	21	8	6	3	9
Cassava	NA	—	4	—	3	—	1	3
Sugar	4	(10)	5	(9)	2	8	2	1
Cotton	NA	(47)	3	(9)	—	(14)	2	(8)
Coffee	NA	—	51	5	(13)	(6)	6	21
Cocoa	NA	—	(9)	6	10	25	(5)	(5)
Bananas	NA	—	(2)	(18)	3	(4)	2	(2)
Poultry	(1)	2	8	10	2	5	7	7
Beef & veal	5	4	5	6	2	(5)	3	4
All crops	13	13	6	5	4	1	3	6
Livestock	(1)	3	4	4	5	(1)	6	4
Total	8	8	6	5	4	—	4	5

—= No change.

( )= a decline.

NA= Not applicable.

[1]Excludes Argentina and Brazil.

Source: Production indices.

Nicaragua ahead of its pre-war (1978) output in these commodities. Increases in grains and pulses occurred in most of the Central American countries, and overall output was about 15 percent higher than in 1980.

Staples and Sugarcane Lead Caribbean Output Growth

Caribbean agricultural production increased about 3.7 percent, reflecting a strong performance in Cuba and mixed results elsewhere in the region.

Food staples, such as rice, beans, sweetpotatoes, yams, cassava, and plantains, registered a moderate (3 to 5 percent) gain in output because of generally good weather during most of 1981 and attractive support prices and other production incentives in the larger Caribbean countries. On the other hand, feed grains gained only slightly, except in Haiti where the corn crop was much better than in 1980.

Sugar output took a sharp upward turn because of the rapid recovery from cane disease in Cuba and an unusually good harvest in the Dominican Republic. However, the output in smaller producing countries was not as favorable. For example, in Jamaica, disease, lack of proper fertilization, and limited supplies of herbicides reduced yields and harvested area.

Beef and poultry production registered moderate gains, reflecting interest in beef exports and the development of the region's poultry industry. In contrast, pork production was off nearly 20 percent, because of African swine fever in the Dominican Republic and Haiti, which reduced the region's already small supply of animals available for slaughter.

Exports Hurt by Lower Prices

Canada's exports of grains and oilseeds reached an all-time high of 27 million tons in 1981/82 (July-June), exceeding the Government's target of 26 million tons. Most of the increase was due to expanded wheat and barley exports, and much of the increase went to the USSR and China.

Despite the strong production growth in 1981, Latin America's leading agricultural exports presented a mixed picture: up in volume in a number of cases, but often selling at lower prices than in 1980. The generally lower export prices compared with 1980 occurred because of high world production and sluggish import demand resulting from worldwide recession. Overall, the aggregate value of agricultural exports from Latin America was down by 15 to 20 percent, to about $22 billion.

The cases of Latin America's two leading commodities, coffee and sugar, were particularly dramatic. An abundant world supply of coffee and sluggish demand led the International Coffee Organization to impose its quota system to restrict the quantities of coffee entering the world market. Lower quotas decreased Latin American coffee exports about 6 percent from 1980, with the decline being borne by about half of the region's 16 exporting countries. However, this volume reduction was insufficient to keep prices from falling; the Brazilian price slipped 40 percent, and the Colombian price dropped 28 percent from 1980. As a result of both price and quantity declines, regional earnings from coffee exports were cut by some 40 percent to about $4.6 billion.

The volume of Latin American sugar exports rose approximately 7 percent from 1980. The largest single increase, which occurred in Cuba (900,000 tons to nearly 7.1 million), was made possible by a recovery in production and a strong government push to boost exports. Volume gains also occurred in Brazil and the Dominican Republic—also large sugar exporters. The gains from these three countries more than compensated for declines in 11 smaller producers—the result of troubled sugar industries, drought (Peru), and smaller cane harvests brought about by already low sugar prices. With abundant world supplies, sugar prices declined very sharply, and the resulting lower export earnings pushed many countries in the Caribbean into serious financial trouble.

Beef exports—mainly from Argentina, Brazil, Uruguay, and some Central American countries—registered a slight increase in value, as volume increases offset lower prices. The largest change in exports occurred in Uruguay, reflecting a strong increase in sales to Egypt and a 20-percent rise in slaughter, brought about by a record cattle inventory, poor pastures due to an extended dry spell, high interest rates, and farmers' high indebtedness.

Among other exports, bananas increased slightly in 1981, with some offsetting volume changes among the major exporters and a slight price increase. Oilmeals, largely soybean meal from Brazil, enjoyed a large volume increase, as Brazil continued to encourage production. Soybeans remained unchanged, with slight increases in exports from Paraguay and slight declines in Brazil. Cotton fell sharply because of lower world prices and smaller exportable supplies. On the other hand, corn and sorghum tripled because of record Argentine supplies. Tobacco was up because of world price and Caribbean production increases. Larger exportable fruit supplies were the result of many years of development in Chile and the Caribbean.

The U.S. share of Latin American exports was about a third, or $6.5 billion, in 1981. Although the share was slightly higher than in 1980, the dollar value was about 10 percent lower, based on quantity and price changes. Most other trade was with the Soviet Union, which took Argentine grains and oilseeds as well as the lion's share of all Cuban exports, and with the EC.

Agricultural Imports Also Down

For 1981, the value of Canada's agricultural imports rose about 8 percent to $5.2 billion, mostly because of larger purchases of fruit and vegetables.

Latin American agricultural imports apparently declined in 1981. Lower prices for five of the leading imported commodities and volume reductions for three were behind the drop in value. As in previous years, grains and oilseeds constituted the major import categories.

With 21 countries importing wheat in recent years and a similar number forecast to purchase it in 1982, wheat is the region's most important import. Wheat purchases totaled about 12 million tons in 1981, up 3 percent from 1980. The increase was distributed among 14 countries and occurred primarily because of increased demand from population growth and, in the case of Mexico, a desire to rebuild stocks. Only Brazil's imports declined, owing primarily to a cut in the government-administered quotas for mills.

Corn, imported by 18 countries, was down dramatically in volume in 1981, although a slight price increase kept value from falling as sharply. Increased production in Mexico and Brazil resulted in much lower import requirements in these countries. Their decreases accounted for 80 percent of the 4-million-ton drop in the region's corn imports, which fell to around 6 million tons. The import declines in other countries reflected a slight softening in demand from the poultry and pork sectors in Chile and Peru, Venezuelan preference for cheaper sorghum, and high beginning stocks in Colombia.

Rice was another commodity where the volume decline was sizable. Increased production in Peru and Brazil, as well as large beginning stocks in Brazil, reduced the need for imports. Together, these countries accounted for most of the 25-percent decline that brought rice imports down to around 800,000 tons. Lower prices due to abundant world supplies depressed the value.

The volume of sugar imports was off about 20 percent compared with 1980. The sharp price rise in 1980 elicited higher sugar production in some traditional sugar importers, which, in turn, meant a lower import requirement. On the other hand, the drought in Peru necessitated unusually large imports by that normally exporting country. With the steep decline in the 1981 price, the value of sugar imports was reduced to only a little more than half of its 1980 level.

Imports of soybeans, protein meal (mostly from soybeans), and vegetable oil (also mostly from soybeans) all increased by volume and value, despite declining unit prices. Most of the increase in protein meal was attributed to the growth of Venezuela's nearly total dependence on imported meal for its expanding poultry and livestock industries. Vegetable oil imports, on the other hand, increased in eight of the nine principal countries. Volumes were up the most in Venezuela, Peru, and Chile, because of the favorably low price of soybean oil, growth in consumption, and, in Peru, the shortage of fish oil used to make low-cost blended cooking oil. Soybean imports increased moderately, based on stock additions in Mexico, and Brazil's desire's to more fully use its crushing capacity and to export soybean products.

U.S. Balance of Agricultural Trade Improved

In fiscal 1981, the United States had a positive agricultural trade balance with Canada—about $1 billion.

U.S. agricultural exports to Latin America increased 4 percent in 1981, to a record $6.4 billion, while imports from the region amounted to $6.5 billion, down about 10 percent from 1980. At $2.4 billion, Mexico remained the largest market. Wheat was the most important export, placed at 8.6 million tons valued at $1.6 billion. Coffee, the most important U.S. import from Latin America, declined to $2.1 billion, as both volume and prices dropped.

U.S. farm exports to and imports from Latin America and Canada, 1980 and 1981

Country/region	1980	1981	Change
	Million dollars		*Percent*
Canada			
Exports	1,852	1,989	7
Imports	1,061	1,150	8
Balance	791	839	6
Argentina			
Exports	50	38	(23)
Imports	305	469	54
Balance	(255)	(431)	(69)
Brazil			
Exports	680	711	5
Imports	2,019	1,905	(6)
Balance	(1,338)	(1,194)	11
Mexico			
Exports	2,468	2,432	(1)
Imports	1,059	1,102	4
Balance	1,409	1,330	(6)
Caribbean			
Exports	736	801	9
Imports	577	600	4
Balance	159	201	26
Central America			
Exports	408	371	(9)
Imports	1,579	1,265	(20)
Balance	(1,171)	(894)	24
South America[1]			
Exports	1,808	2,015	11
Imports	1,715	1,204	(30)
Balance	93	811	772
Total Latin America			
Exports	6,150	6,367	4
Imports	7,255	6,544	(10)
Balance	(1,105)	(177)	84
Western Hemisphere			
Exports	8,002	8,356	4
Imports	8,316	7,694	(7)
Balance	(314)	662	11

()= Negative U.S. balance of agricultural trade or a percentage decline.

[1]Excludes Argentina and Brazil.

Source: Table 6 and U.S. Foreign Agricultural Trade Statistical Report, calendar year 1981, USDA.

U.S. agricultural exports to Latin America and Canada, selected commodities, 1980 and 1981

Commodity	1980		1981	
	1,000 tons	Million dollars	1,000 tons	Million dollars
Canada				
Animals	—	278	—	332
Wheat	—	—	—	—
Corn	624	75	502	61
Sorghum	—	—	—	—
Soybeans	401	104	282	73
Soybean meal	339	81	339	83
Soybean oil	13	7	6	4
Sunflowerseeds	18	6	27	13
Sunflowerseed oil	—	—	—	—
Cottonseed oil	3	2	1	1
Sugar	5	3	6	3
Tallow, inedible	—	—	—	—
Other	—	1,296	—	1,419
Subtotal	—	1,852	—	1,989
Latin America				
Animals and products	—	453	—	577
Wheat	6,965	1,286	8,617	1,608
Corn	9,682	1,372	5,095	790
Sorghum	2,569	360	2,935	463
Soybeans	1,111	311	968	302
Soybean meal	755	201	764	211
Soybean oil	302	191	316	186
Sunflowerseeds	308	95	290	103
Sunflowerseed oil	68	42	89	54
Cottonseed oil	133	86	142	98
Sugar	426	267	564	325
Tallow, inedible	285	145	226	113
Other	—	1,345	—	1,537
Subtotal	—	6,150	—	6,367

Source: U.S. Foreign Agricultural Trade Statistical Report, calendar-year 1981, USDA.

— = Not applicable.

U.S. agricultural imports from Latin America and Canada, selected commodities, 1980 and 1981

Commodity	1980		1981	
	1,000 tons	Million dollars	1,000 tons	Million dollars
Latin America				
Meat (beef)	82	222	74	178
Cattle (live, 1,000 head)	334	89	321	68
Other animals and products	—	228	—	235
Orange juice concentrate	—	63	—	178
Bananas and plantains	2,427	431	2,537	543
Cocoa beans and products	145	429	159	361
Sugar	2,583	1,365	2,939	1,415
Coffee	826	3,152	662	2,063
Other	—	1,276	—	1,503
Subtotal	—	7,255	—	6,544
Canada				
Meat (beef)	43	95	54	108
Cattle (live, 1,000 head)	340	137	330	112
Other animals and products	—	6	—	7
Sugar[1]	—	25	—	25
Coffee[2]	—	2	—	3
Other	—	796	—	895
Subtotal	—	1,061	—	1,150

[1]Sugar and related products. [2]Roasted.

Source: U.S. Foreign Agricultural Trade Statistical Report, calendar-year 1981, USDA.

— = Not applicable.

CANADA

The rapid increases in Canada's agricultural trade during the last half decade will abate in 1982. Weaker demand will limit imports, and export growth will slow.

Economic Growth Slight; Trade Surplus To Increase

The strong growth enjoyed by the economy in early 1981 was not sustained during the last half, nor is the economy expected to improve much during 1982. The Gross National Product (GNP) is forecast to decrease more than 2 percent, compared with a 3.2-percent increase in 1981. Inflation, at 12.5 percent in 1981, will probably drop to under 10 percent because of restrictive domestic policies and external factors, but a weak U.S. economy and Canada's inflation-fighting policies will contribute to continuing high interest rates, unemployment, and declining business investment.

The positive balance in merchandise trade is expected to expand further in 1982, as total exports increase about 2.5 percent, and imports decline. The import decline will

Major agricultural imports and exports of Canada

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Beef & veal	946	971	1,020	1,020
Soybeans[3]	350	422	395	400
Corn[3]	677	982	1,300	1,000
Fruits & veg.[4]	795	890	1,080	—
Exports				
Pork	750	877	860	860
Wheat[3]	13,061	15,883	16,259	17,500
Barley[3]	3,554	3,832	3,237	4,800
Corn[3]	192	344	1,051	1,000

[1]Estimated. [2]Projected. [3]Canadian crop year: 1979= 1978/79. [4]Imports from U.S. only.

— =Not available.

result from the slowdown in domestic activity, as well as from a continued weak dollar relative to U.S. currency. Agricultural exports, estimated at a record US$6.9 billion in 1981, will probably remain near record levels during the first half of 1982, because of large grain shipments. A reduced need for imported feedstuffs will likely mean no growth in agricultural imports.

High Cereal Production To Spur Record Exports

Total cereal production hit a record 50.2 million tons, spurred by the unusual occurrence of records in both planted area and average yields. Output was 12 percent above the previous alltime high in 1976 and rose 23 percent from the previous year. Area increased 12 percent to 21.5 million hectares, as farmers responded to record 1979/80 exports and low stocks. Near-ideal weather throughout most of the producing area resulted in record or near-record yields for most crops.

Wheat production in 1981 jumped 28 percent from a year earlier, to 24.5 million tons. For coarse grains, an increase in planted area—in response to the lowest stocks in 20 years, a tight domestic feed grain market, and relatively high prices—was a strong factor in the 18-percent rise to 25.6 million tons.

Grain exports, particularly feed grains, set a record in 1981/82. Exports of grains and oilseeds were about 20 percent ahead of the previous year, reaching 27.3 million tons. Although the capacity of the grain transportation and handling system increased during the past year, transportation will likely continue to constrain exports.

Ending stocks of grain rose somewhat in 1981/82, but they remain low compared with most other years. Record exports reduced stocks; however, lower feed use resulted in a drop in domestic disappearance.

Grain production in 1982 is expected to again be large, despite an early frost. Unlike most other countries, Canadian producers' planting decisions respond more to export movements and stocks than to prices, because of that country's grain marketing system. Big exports and low beginning stocks resulted in a large area planted to grains in 1982, although not above last year's record.

Oilseed Production Expected To Increase

In 1980 and 1981, farmers shifted acreage from oilseeds into cereals in response to oilseeds' relatively high stocks and low export shipments and prices. Oilseed production declined 20 percent in each of the last 2 years. However, 1981 production was well below projected total disappearance, so stocks dropped to more normal levels. In 1982, producers shifted some acreage back into oilseed production.

As farmers made their 1982 planting decisions, the coarse grain/oilseed price ratios favored oilseeds, and the 1982 area planted to soybeans, rapeseed, and flax experienced large increases.

Meat Production Unlikely To Rise

This year, the production of all meat is expected to remain near 1980 and 1981 levels. However, slightly smaller meat supplies were evident in the first half of 1982, compared with a year ago. Nevertheless, supplies may be somewhat bigger in the second half, because of producers' responses to larger supplies and lower prices of feed grains. Furthermore, an increase in poultry production will only partially offset a decline in pork output.

Increase in beef production will depend on efforts to rebuild the breeding herd. The beef cow inventory declined about 1 percent in 1981, while calf numbers were unchanged. This year, a slight herd buildup occurred in response to lower feed costs and interest rates and higher prices, although a decrease in the herd is expected later in the year.

Pork production during the first half of 1982 was about 2 percent below a year earlier. In the second half, production may decline even further, because the number of sows farrowing during July 1, 1981, through March 1, 1982, was estimated unchanged from a year earlier. However, sharply improved hog price/feed cost ratios in the last half of 1981 might result in increased marketings late in 1982 or early 1983.

In 1982, total poultry production is expected to increase about 2 percent from 1981's 543 million tons; egg marketings may decline slightly. In anticipation of increased chicken consumption as a response to the forecast for stable chicken and higher pork prices, the Chicken Marketing Agency increased the 1982 annual quota 3.7 percent.

After no increase in 1981, total per capita meat consumption may decline slightly in 1982. Consumer retail demand for meat appears to have slowed in response to negligible increases in consumers' disposable incomes. Demand is not expected to rebound quickly unless the economic recovery is more vigorous than expected.

Meat prices are expected to increase and could rise more quickly than forecast if the Canadian dollar depreciates further, or if the holding of heifers for herd rebuilding is larger than expected.

Fruit and Vegetable Situation Mixed

Total 1981 fruit production declined 22 percent from 1980 and was more than 6 percent below the recent 5-year average, because of a severe winter and warm February weather that was followed by late spring frosts. Total vegetable production, however, rose above that of the previous year. Potato production was up about 3 percent as a result of increased area and good weather in the Maritime Provinces.

Demand for fruit and vegetable products is being weakened by the decline in consumers' discretionary income. However, Canada is continuing to import large quantities. The value of imports from the United States is estimated to have totaled about US$1 billion in 1981 and will likely increase slightly in 1982.

Higher interest rates have increased the cost of keeping inventories of fruit and vegetables. This caused increased marketings early in the year and is expected to result in higher prices later in the year. The higher prices and recent forecasts for economic recovery by late 1982 may result in larger areas devoted to vegetable production this year.

Farm Income Likely To Decline

Total realized net farm income is expected to decline in 1982, after increasing 22 percent in 1981. Farm cash receipts were down 5 percent in the first half of 1982. Last year's increase was primarily due to higher cash receipts for grain. A larger volume of grain sold at higher 1980 prices was reflected in final Canadian Wheat Board payments to farmers in 1981. During 1982, record grain sales will likely be offset by lower prices.

Larger cash receipts for livestock, due to the higher prices forecast for 1982, will be the main factor support-

ing farm income. This is a marked change from 1980 and 1981, when cost-price squeezes put a strain on this sector.

Farm costs are expected to increase 10 percent in 1982, well above the 5-percent rise forecast for total cash receipts. Thus, farmers discouraged by 1981's high interest rates, rising production costs, and lower prices will probably find little comfort in the 1982 outlook. (Ron Trostle)

MEXICO

Mexican agricultural trade prospects for 1982 center on a dramatic reduction in imports and a return to a positive farm-sector trade balance. Total grain and oilseed imports will range between 3 and 4 million tons in 1982, far below the 10.1 million imported in 1981, because of a bountiful fall harvest and efforts by the Government to publicly demonstrate its success in achieving basic food self-sufficiency. The value of imports of livestock and livestock products is expected to increase 25 percent from 1981's $400 million, as rising demand continues to outpace production that has been hampered by escalating costs, fixed retail prices, and uncertain land tenure. The forecast of a return to a positive farm-sector trade balance hinges on expectations that the February 1982 devaluation of the peso will restore the competitiveness of Mexico's agricultural exports of cotton, tomatoes, and winter vegetables .

In 1982, Mexico will purchase approximately $2 billion of U.S. farm products, 17 percent less than in 1981. Thus, it probably will slip from second to fifth place in the ranks of U.S. agricultural markets. An 11-percent increase in 1981 grain and oilseed production, together with large carryover stocks, will cause U.S. sales of these commodities to plunge in 1982. Increased U.S. exports of livestock and livestock products will partially offset this decline, but the devaluation has dampened demand for a wide variety of commodities that the private sector usually imports from the United States.

Economic Difficulties Ahead

The slowdown in the rate of economic growth that began in the second half of 1981 is continuing into 1982. Lower-than-expected petroleum export revenues have forced the Government to curb spending and to tighten the money supply. The $13.4 billion that was budgeted for programs to boost agricultural production will probably be pared by 3 to 5 percent. It is therefore unlikely that the Government will be able to continue to offer producers support prices that will offset the inflation in farm costs, which is expected to reach 45 percent in the wake of the February devaluation. It is expected, however, that the Government will continue to subsidize credit, fertilizer, and improved seed for producers of corn, dry beans, wheat, and rice.

The Government has sought to reduce the devaluation's impact by freezing consumer prices for an additional 50 basic food items. These join about 5,000 other items of food, rent, transportation, and electricity on which the Government already has some form of price control.

Major agricultural imports and exports of Mexico

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Wheat	1,180	670	1,104	450
Corn	865	4,851	2,803	500
Sorghum	1,344	2,403	2,853	1,200
Soybeans	408	931	1,140	500
Exports				
Coffee	174	130	122	135
Tomatoes	322	281	228	215
Cotton	211	172	183	150

[1]Estimated. [2]Projected.

Slight Increase in Agricultural Output

Against a backdrop of a stagnant general economy, the agricultural growth rate is likely to be no more than 2 percent in 1982, following the 6.5 percent recorded for 1981. The Sistema Alimentario Mexicano (SAM), a 2-year-old multifaceted farm and food program that aims to achieve self-sufficiency in all basic commodities by 1985, will probably stimulate some area expansion as it becomes more widely implemented in 1982. However, yields for nonirrigated crops, such as corn, dry beans, and sorghum, will be below 1981 record levels as more normal weather patterns prevail. Replenished water supplies should ensure a larger harvest of the irrigated crops, such as wheat, soybeans, rice, and winter vegetables. Healthy growth rates are foreseen for the pork and poultry sectors, but production of beef, milk, and eggs will continue to lag far behind demand. The 1981 Agricultural Development Law, which 1) permits private farmers and those on government-owned land to pool resources to create larger, more efficient production units and 2) encourages the production of crops on suitable grazing land, is unlikely to have a significant impact on production in 1982. Farmers are wary of this new law since it contradicts previous agrarian legislation.

The food distribution network will continue to be one of the most serious impediments to the development of agriculture in 1982. Storage and transportation facilities have not expanded and modernized rapidly enough to handle the increased production programmed under SAM, along with management of the "full granaries" import policy pursued by the Government through CONASUPO, the national basic commodities marketing agency.

Crop Production to Level Off Following Strong 1981 Gains

Production of corn and dry beans, principal staples of the Mexican diet, rose by 20 and 44 percent, respectively, in 1981. An increase in the support price, to $262 a ton, encouraged expansion in the area planted to corn, and excellent weather produced high yields and increased the percent of area harvested. Improvement in yields, along with an increase in planted area, were behind the leap in bean production—the most dramatic response to the SAM's input subsidies in 1981. Because of these increases and the Government's plan to draw down the

supplies that were stockpiled during 1981, only current pipeline shipments of outstanding 1981 contracts for both crops—all from the United States—will probably be delivered in 1982. This year's production of corn and dry beans will remain near 1981 levels, with a return to more normal yields offsetting the area expansion that has been stimulated by the Government's continued efforts to achieve self-sufficiency.

Replenished reservoirs made water available for a 15-percent increase in wheat production and a 44-percent rebound in rice output in 1981. Consequently, imports of these commodities are expected to decrease 60 and 80 percent, respectively, in 1982. Nevertheless, Mexico will continue to purchase most of its wheat from the United States, while the People's Republic of China and Costa Rica will supply Mexico's rice imports. Wheat production will grow approximately 25 percent in 1982, because the timely cold weather early this year will boost yields. Adequate irrigation water and an increase in available credit will likely increase rice production 6 percent.

Sorghum production increased nearly 11 percent, reaching a record 4.2 million tons. Because of this outturn and ending stocks that were five times larger than the previous year's, Mexico's 1982 purchases of sorghum are forecast to fall to 900,000 tons, from the 2.85 million imported in 1981. Argentina will supply about one-quarter of the sorghum needs, as it did in 1981. Sorghum production in 1982 will likely remain at the 1981 level, with area increases offsetting the expected decline in yields.

Soybean production in 1981 more than doubled from 1980's drought-reduced level, offsetting decreases in Mexico's other major oilseeds—cottonseed and safflower. Mexico is expected to reduce its 1982 soybean imports by more than 55 percent from 1981, importing nearly 500,000 tons of U.S. sunflowerseed to fulfill the balance of its growing consumption. Abundant irrigation water supplies should assure a slight increase in soybean production in 1982. However, the total oilseed outturn may decline because present government policies encourage growers to switch from the production of cotton and safflower to wheat.

Sugar production fell 9 percent to 2.5 million tons in 1981, reflecting low yields, inefficient milling, and labor problems. A net sugar exporter 5 years ago, Mexico now is producing only 84 percent of the sugar it will consume in 1981/82. The sector has failed to respond to large government investments in mills and buildings, repairs, and research. Still, production will likely recover slightly, to 2.6 million tons in 1982.

Coffee yields received a boost from a 3-year-old rehabilitation program that offered improved varieties of trees to small farmers. Therefore, production grew by 5.4 percent in 1981. A larger outturn and no significant expansion in 1982 exports point to a large stock buildup.

Production of Mexico's other major export crop, tomatoes, is expected to increase as well. However, increased domestic consumption and weak U.S. prices will push U.S. imports slightly below 1981's low level.

Livestock: Demand Growth To Outpace Production Again

Improved weather and feed supplies benefited the livestock industry in 1981, but, nonetheless, Mexico will be forced to import large quantities of several livestock commodities in which it previously had been self-sufficient. Beef and veal production rose by 4.2 percent because of good pastures and favorable retail prices stimulated by a steady growth in demand. Nevertheless, beef cattle numbers increased only slightly in 1981, given that present land tenure laws discourage cattlemen from expanding or upgrading their operations. The United States is expected to export record amounts of beef carcasses and live slaughter cattle to Mexico in 1982, although Costa Rica and other Central American countries will probably capture a larger share than ever before of this expanding market. No significant increases are anticipated for beef production in 1982.

The swine industry, aided by adequate feed supplies and good prices, recovered somewhat from the heavy selloff in 1980. Even so, the 4.2-percent increase in production was only just enough to meet growing consumption requirements, and ending inventories were no greater than at the end of 1979. Pork production is expected to grow only slightly in 1982. Producers face high costs for feed and credit and their ability to pass these costs to consumers is limited by the Government's inclination to keep retail prices at acceptable levels through imports of pork carcasses and feeder pigs.

Poultry production continued to show strong growth in 1981, the result of sufficient feed supplies and rising consumer demand that was reflected in retail prices which nearly equaled those for beef and pork on occasion. As in the past, broiler production continues to fluctuate seasonally, so significant imports will occur when the Government considers prices to be too high.

Dairy and egg producers received a temporary reprieve from 1981's cost-price squeeze when the Government raised milk and egg price ceilings by 30 and 25 percent, respectively. Nonetheless, farmers maintained that the increases were insufficient, and throughout 1982, the conversion of fluid milk into processed dairy products (for which prices are not controlled) and substantial fluctuations in egg production will probably necessitate a large increase in imports of powdered milk and shell eggs. (D. H. Roberts)

THE CARIBBEAN

Caribbean agricultural exports, estimated at $6 billion in 1981, will be seriously hurt by lower commodity prices in 1982. Sugar sales, which normally account for over half of total agricultural exports, are expected to be substantially lower than in 1981. The other important export commodities will continue to be tobacco, coffee, cocoa, bananas, and citrus products. Despite price declines in most of these major categories, export tonnages will likely be significantly greater in 1982, because of increased production attributable to government incentives to promote exports and recovery from the setbacks of the 1979 and 1980 hurricanes.

The major exporting countries in the region continue to be Cuba and the Dominican Republic. The largest markets for Caribbean products will remain the Soviet Union, (for Cuba), the EC, and the United States. Canada and Japan remain minor but growing markets, particularly for Cuban exports.

The United States buys significant quantities of sugar, vegetables, and tropical products from the Caribbean. About 75 percent of these imports come from the Dominican Republic. The total value of agricultural products purchased from the region exceeded $600 million in 1981. Depressed commodity prices are expected to lower the 1982 value of U.S. purchases by about 10 percent.

The Caribbean countries imported about $3.2 billion worth of farm products in 1981. The total could decline 10 to 15 percent this year, because many countries lack foreign exchange, and the unit values for most imported commodities are down. This will be the first time in 10 years that the value of Caribbean agricultural imports has declined. The major commodities are wheat, rice, corn, oilseed products, beef, poultry, and milk.

The Soviet Union supplies the largest share of the $1 billion Cuban agricultural market, while the United States is a primary supplier for other countries with respect to wheat, coarse grains, and oilseeds. However, the aggregate value of U.S. sales to the region will decline 10 to 15 percent from the record $855 million in 1981.

No major changes in agricultural production are expected in the region in 1982. Output growth continues to be modest, and the dependence on imported food continues to increase.

Cuba

The higher production that is expected in 1982 should permit agricultural exports to grow 4 percent by volume, but falling sugar prices will offset this. Because of growing consumption, agricultural imports will continue to increase, despite production gains. The Soviet Union will continue to dominate Cuba's agricultural trade.

Agriculture Strong in a Slow Economy

After a reported 10-percent increase in 1981, economic growth is expected to be only 3 percent in 1982. Lower export revenues and reduced economic aid from the COMECON countries are key factors.

Agricultural output will show another strong increase in 1982, following 6-percent growth last year. The 1981 performance was attributable largely to unusually rapid recovery for sugarcane and tobacco, both of which had been previously set back by disease. In addition, productivity has been stimulated by partially decentralized economic decisionmaking and the offer of performance incentives through the creation of a farmers' free market with special bonuses for efficient operations. Output in 1982 will continue to reflect these influences.

Major agricultural imports and exports of Cuba

Commodity	1979	1980	1981[1]	1982[2]
		1,000 Metric tons		
Imports				
Wheat and flour	1,294	1,186	1,200	1,210
Rice	170	200	225	250
Corn	350	506	525	600
Sunflower oil	70	75	80	85
Exports				
Sugar	7,199	6,170	7,071	7,250
Citrus	161	193	200	210
Tobacco	13	3	15	20

[1]Estimated. [2]Projected.

Sugar production, which represents over half of the total agricultural output, is estimated at 8.2 million tons for 1982, up over 10 percent from 1981. This results from a large expansion in area, improved early-maturing and disease-resistant varieties, increased mechanization, and offers of productivity-linked bonuses. The production of other products, such as milk, eggs, tobacco, citrus, and rice, is also expected to do well in 1982.

Higher production will mean larger exportable supplies of sugar, tobacco, and citrus in 1982. Low sugar prices, however, will affect the nearly 30 percent of sugar sales that are made to countries outside the Eastern bloc and thus will reduce export revenues. This will stimulate further efforts to diversify exports and reduce dependence on sugar. Cuba's main trading partners will continue to be the Soviet Union for sugar and citrus, Spain for tobacco, and East Germany for citrus.

No major changes are anticipated in the volume of agricultural imports. In 1982, these will consist of about 2 million tons of cereals and various amounts of meat, dairy products, lard, and cotton. Most supplies will continue to come from the COMECON countries, except rice, which in the past has come from China. (Nydia Rivera-Sanchez)

Dominican Republic

The agricultural balance of trade is deteriorating sharply in 1982, as export earnings fall more than import expenditures. The financial situation is made worse by rising debt service. The United States will continue to dominate external trade both ways, accounting for some 70 percent of the country's imports and 65 percent of its exports.

Economic Disaster Looms

In 1982, the economy is not expected to show any growth as domestic and foreign debt service continue to rise and investment slows down in the face of inflation and high interest rates. The economy grew 3.5 percent in 1981, when early signs of the decline appeared. Credit was short, economic activity was reduced, and unemployment increased much more than in the past. A substantial drop in sugar prices, a softening in foreign demand for ferronickel and gold, and a huge 1982 balance-of-payments deficit underly the country's current economic woes. As a result, the demand for U.S. products is expected to be off by nearly one-third in value.

Major agricultural imports and exports of the Dominican Republic

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	160	160	150	160
Corn	115	190	150	150
Rice	—	42	65	15
Vegetable oil[3]	62	57	70	83
Exports				
Sugar	1,035	793	850	875
Coffee	37	32	35	39
Tobacco	42	22	34	37
Cocoa	29	23	26	28

[1]Estimated. [2]Projected. [3]Primarily soybean oil.

— =Not available.

Agriculture To Remain Steady

Agricultural production in 1982 will continue to show small gains, after a 3-percent increase in 1981 and a long-term trend of about 3.5 percent. The gains will mostly be in export crops, such as sugar, cocoa, coffee, and beef as well as in rice and indigenous food crops. Imports of wheat, feed grains, vegetable oils, and protein meals, for which the country has neither a comparative advantage nor the capacity, will not be affected by this.

Export crops contribute about 30 percent of agricultural production. Stimulated by the opportunity to sell more sugar under the new higher quota of the International Sugar Organization, the area devoted to cane has increased 3 percent and will contribute to a larger raw sugar output in 1982. With a higher sucrose content in the cane because of better weather, sugar production should be up 5 percent to 1.1 million tons. Coffee and tobacco will not fare as well, however. In the case of coffee, rain damage to plants during the flowering stage, lower fertilizer use, and bad roads hindered production and marketing. For tobacco, blue mold damaged the crop.

Crop production for domestic use should increase sharply for most commodities, including rice, corn, beans, potatoes, cassava, and bananas. Increased production of rice and beans, the major dietary staples, will come from higher yields and expanded area this year. Good weather as of May and higher support prices are behind an estimated 4-percent gain in rice, to 355,000 tons (rough basis), and a 13-percent increase in beans, to 50,000 tons. There will be a very small exportable supply of beans that could go to Venezuela under an agreement with that country. Coarse grain production, mostly for poultry feed, is also expected to do well.

The livestock sector is enjoying a period of rapid expansion. Beef is expected to increase 14 percent to 55,000 tons because of expanded export opportunities and exceptional weather that provided good pastures in 1981 and 1982. Poultry is estimated to rise 4 percent to 85,000 tons in response to strong consumer demand further stimulated by a pork shortage after the outbreak of African Swine Fever in 1979. Because all pigs were slaughtered to eradicate the disease, pork production will be limited until, perhaps, 1984.

Export Volume Up; Value Down

The volume of agricultural exports will be up for most commodities, but the sharp decrease in world prices, especially for sugar, will mean a big decline in export values. Sugar normally accounts for three-quarters of the value of agricultural exports. Despite larger volumes of sugar and cocoa, the total value of agricultural exports will likely decline 25 percent to $570 million in 1982. Exports to the United States should again account for about two-thirds of the total.

Foreign Exchange Limits Imports

There is considerable political pressure to increase the volume of 1982 agricultural imports to satisfy a growing population with rising incomes. But, because of the economic adversities, agricultural imports are expected to decline 10 to 15 percent in 1982. U.S. shipments are expected to decline around 10 percent to $200 million. As in 1981, U.S. shipments of grains and vegetable oils are being partially financed under P.L. 480 and credit guarantees from the U.S. Government. (Nydia Rivera-Sanchez)

Haiti

Haiti's foreign exchange position continues to deteriorate, largely because of low prices for coffee and sugar exports. This will further shrink its already limited commercial import capacity in 1982. This, coupled with a strong demand for imported products, is causing food prices to rise. On the brighter side, small increases in volume will leave Haiti's agricultural export earnings slightly higher than in 1981.

Economy Shows Little Improvement

Last year was a difficult one for Haiti's economy, and 1982 will be no better. The GDP is projected to grow a scant 1 percent, compared with an average 4.5 percent a year from 1977 to 1980. An upturn in coffee acreage, coupled with a good flowering, suggests that production will show strong improvement. However, few other economic indicators are optimistic. As in 1981, a decrease in government revenues has limited assistance to agriculture, and continued balance-of-payments deficits are discouraging investment.

Agriculture To Grow Slowly

A return to normal weather will limit agricultural production to an increase of only 2 percent in 1982; in 1981, exceptional weather boosted yields and produced an expansion of more than 5 percent. Many of the problems that have limited output in the past still persist. These include irregular water supplies, soil erosion, shortages of fertilizer and other inputs, and poor farming practices. Thus, yields of corn, rice, beans, and other crops are normally low.

A program to eradicate African Swine Fever will continue to obligate pork producers to liquidate the swine population. However the production of other livestock products should continue a gentle upward trend.

Agricultural Export Prospects Mixed; Imports Off Slightly

Stimulated by a recovery in production, the volume of coffee exports could increase 15 to 20 percent from their 1981 low, rising to 18,000 tons. Sisal production and exports are on the rise, but declining sugar output in recent years—due to disease, a lack of fertilizer, and poor water control—will again prevent any sugar exports.

Major agricultural imports and exports of Haiti

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Wheat	104	126	173	155
Rice	15	23	23	25
Soybean oil	19	25	25	27
Milk	10	12	15	20
Exports				
Coffee	14	25	15	18
Cocoa	2	3	5	5
Sugar	7	12	—	—
Sisal	7	9	11	13

[1]Estimated. [2]Projected.

— =Not available.

Sales to the United States—principally beef, fruit and vegetables, and coffee—will likely account for 50 percent of Haiti's agricultural exports, as in previous years.

The traditional agricultural imports of wheat, wheat products, rice, and other foodstuffs are projected to decline from the 1981 record. Rice imports will fall slightly because of higher domestic production. As in the past, the United States will supply about half of the agricultural imports, with nearly one-third financed under P.L. 480. (Nydia Rivera-Sanchez)

Jamaica

The availability of additional credit, much of it on concessional terms, will boost agricultural imports in 1982, as it did in 1981. U.S.-Jamaican trade relations are brighter today than they have been in many years. The United States is Jamaica's most important supplier of imported foodstuffs. Shipments this year are forecast to increase as much as 30 percent to possibly $130 million.

Economic Conditions Improve but Agriculture Stagnates

After economic stagnation for more than half a decade, new policies designed to encourage private initiative and investment have stimulated economic activity. Real GDP is projected to increase about 3 percent this year, after only a 1-percent gain in 1981. Manufacturing and tourism are the main sources of growth.

Efforts were initiated in 1981 to stimulate farm production by making available more foreign exchange for importing farm inputs, reorganizing agricultural credit, and offering incentives for private investment. These aids are continuing in 1982, but they will not likely result in much higher output this year because of their long-term nature. In 1982, sugar output will remain at the decade low of 205,000 tons, as worker-management problems persist, and the industry fails to modernize. The banana industry continues in disarray, with only modest increases from 1981's low. Most other crops and livestock will continue to be grown on a subsistence basis.

Agricultural Trade Mixed

Agricultural trade will follow production developments. With little output growth, export volumes will increase only moderately. Moreover, with sharply lower sugar and other export prices, 1982 revenues will decline 15 percent or more. Import volumes will grow because of rising demand and greater availability of financing; however, lower prices will reduce import costs.

The United States will continue to supply over a third of Jamaica's imported foodstuffs. U.S. assistance through P.L. 480 and Commodity Credit Corporation credit guarantees has increased substantially in 1982, making possible larger supplies of wheat, flour, corn, rice, vegetable oil, and blended food products. Other financing will come from Canada for wheat and Holland for wheat and flour. CARICOM countries are becoming increasingly important trading partners and will likely supply a third of 1982 counter flour imports. Guyana and Trinidad/Tobago are expected to remain the principal sources of imported rice and baking flour, respectively. (Nydia Rivera-Sanchez)

Major agricultural imports and exports of Jamaica

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat[3]	124	127	164	181
Corn	152	162	190	200
Rice	44	88	54	54
Soybeans	56	73	77	80
Exports				
Sugar	191	137	127	130
Bananas	64	31	23	40
Citrus	6	7	6	15
Coffee	1	1	1	1

[1]Estimated. [2]Projected. [3]Includes flour in wheat equivalent.

Trinidad/Tobago

Total agricultural imports by Trinidad/Tobago are expected to increase at least 10 percent in 1982, even though the petroleum sector has been in a slump for several months. Increased food imports will be needed because of bad weather in 1981 and a forecast of a continuing decline in commercial agriculture for at least another year. The United States normally supplies at least a third of all agricultural imports, and demand for U.S. farm products continues to grow. Imports from the United States exceeded $120 million in 1981, up 9 percent from the previous year, and may well exceed $150 million in 1982. Since the late 1970's, the United States has been a primary supplier of wheat, corn, soybeans, oilmeal, mixed feeds, and other agricultural inputs, as well as canned and prepared foods. Petroleum exports have been responsible for the economic boom that has financed much of the increased imports since 1973.

Agricultural exports will decline again in 1982. Production of the three primary crops—sugar, cocoa, and coffee—has been falling in recent years. Government attempts to hold down inflation by controlling agricultural wages and food prices has not been encouraging for farmers. The production of the three export crops and a wide variety of domestic foodstuffs has either stagnated or declined since 1973. Unseasonably heavy rains in 1981 depressed yields of basic food crops and increased the demand for some agricultural imports late in 1981 and early in 1982. Broiler production has been the exception and growth of 5 percent or more is expected in 1982.

Major agricultural imports and exports of Trinidad/Tobago

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	100	120	100	120
Corn	96	95	115	120
Rice	36	36	36	37
Soybean meal	30	30	36	32
Exports				
Sugar	88	64	50	40
Cocoa	3	2	3	3
Coffee	2	2	2	2

[1]Estimated. [2]Projected.

The Government currently is reconsidering the food policies of the 1970's. It is particularly focusing on assistance and incentives for cocoa and coffee production. By 1984, these industries may begin to show some recovery. The revitalization of the state-owned sugar industry will apparently require large investments in new mills and equipment. However, the current expectations for low sugar prices are not likely to stimulate this for some time.

Although real economic growth is expected to be slightly negative in 1982, a healthy supply of foreign exchange remains from the oil boom of the 1970's. Therefore, restricted purchases of foreign agricultural commodities and inputs are not expected in the next couple of years, and U.S. exporters will likely receive the largest share of this growing market. (Richard Brown)

Other Caribbean Countries[1]

No growth in agricultural trade is likely to occur in the majority of the small nations and territories in 1982. Declining industrial output, fewer tourists, rising unemployment and inflation, and lower prices for traditional exports (sugar, rice, coffee, cocoa, and spices) in recent months have slowed economic growth and diminished import capacity. Weak export prices and shortages of inputs will continue to limit export expansion. The economic outlook for Guyana is the worst; depressed world prices for all of its primary exports—sugar, bauxite, and rice—and high petroleum dependency have contributed to an economic crisis that has forced the curtailment of imports and investments.

Agricultural Production Prospects Suggest Limited Growth

Agricultural production for export is likely to show mixed results in 1982. Expectations that sugar prices will remain below production costs through 1982 will likely discourage any growth in the sugar states of Barbados, Belize, Guadeloupe, Guyana, and St. Kitts. A bumper banana crop, on the other hand, is expected in the French West Indies and the Windward Islands because plantings damaged by the hurricanes of 1979 and 1980 have nearly recovered. Belize and Suriname were unaffected by the hurricanes, so little change in banana output is anticipated for these nations. Rice production by the two primary Caribbean exporters, Guyana and Suriname, will also show little change in 1982, although the scheduled planting of several thousand hectares of new land in Suriname could begin to show up in the rice statistics for 1983 or 1984.

Major agricultural imports and exports of other Caribbean countries

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	250	260	275	285
Corn	97	95	100	108
Rice[3]	80	90	100	110
Sugar	41	47	45	47
Milk	39	43	43	45
Potatoes	37	41	42	43
Poultry meat	33	32	33	34
Bovine meat	21	21	21	21
Exports				
Sugar	570	595	590	565
Bananas	415	315	300	500
Rice	192	189	190	195

[1]Estimated. [2]Projected. [3]Milled basis.

Although the production of indigenous food crops has declined in recent years, the 1982 outturn may do better. Reasonable growing conditions early in the year and more favorable prices resulting from restrictive import policies in several states will likely encourage production. Poultry output has made significant gains in recent years, largely because of imported feeds. Production in this subsector will show a 3- to 5-percent gain in 1982 in response to growing consumer demand.

Agricultural Imports Expected To Remain Steady

The agricultural imports of the small Caribbean countries have increased steadily since the early 1970's. However, for 1982, the total value is forecast to remain at 1981's approximate $1.1 billion. As soon as economic conditions improve, the rate of growth will likely pick up again in response to rising incomes, population growth, and the gradual decline of indigenous food production. The United States has the competitive advantage in grains, oilseeds, and meats, supplying about 30 percent of all imported agricultural products. In 1982, the market value of all U.S. agricultural commodities going to these states will likely be about $340 million, roughly the same as in 1981. (Richard Brown)

[1]All the Latin American states with populations of less than a million people are found in the Caribbean Basin. Those included in this section are: The Bahamas, Turks and Caicos, Caymans, the Leeward Islands, the British Virgin Islands, French West Indies, Netherlands Antilles, the Windward Islands, Barbados, Belize, Guyana, Suriname, and French Guiana. Puerto Rico and the U.S. Virgin Islands are not included in this report.

CENTRAL AMERICA

Central America's agricultural imports are expected to decline in 1982 because of a combination of improved grain harvests in 1981 and serious foreign exchange shortages. The exceptions are tallow and soybean meal and oil, which are being imported in larger quantities to offset declining cottonseed production. Agricultural export earnings are expected to rise somewhat, as smaller shipments of coffee and cotton are offset by increases in bananas, sugar, and beef. Stronger prices for some commodities, particularly for coffee, will also be a factor helping to raise export earnings.

Agricultural production is expected to grow about 2 percent in 1982, following a gain of less than 1 percent in 1981. Last year, declines in export crop production offset a large improvement in the output of basic grains. In 1982, a partial recovery in export crops and better livestock production are expected to lead the growth.

The major agricultural imports are dairy products, wheat, corn, soybean meal and oil, tallow, and a variety of processed fruit and vegetables. The United States is a major supplier of all except dairy products. In 1981, total U.S. agricultural sales to the region were $370 million, but with less grain needed and lower unit prices, this level is not likely to be repeated. With generally reduced export earnings and other economic woes, a greater percentage of sales may need to be on credit, perhaps with concessional terms.

Central America's principal exports are coffee, cotton, sugar, bananas, and beef. Other commodities, such as cocoa, tobacco, macadamia nuts, and cardamom, are also modest foreign exchange earners. Total export earnings are uncertain for 1982; production problems and low prices could dampen growth. The United States, which imports all major Central American products except cotton, took $1.3 billion worth of agricultural goods in 1981, but present estimates suggest that the value will decline 15 to 20 percent in 1982.

Costa Rica

Because the country is immersed in deep economic difficulty, Costa Rican agricultural imports in 1982 will at best equal 1981's reduced level. Agricultural exports present a mixed picture, but total earnings are not expected to improve from a year earlier.

Major agricultural imports and exports of Costa Rica

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	100	104	100	100
Corn	20	61	20	50
Dried beans	4	13	6	6
Protein meal	13	26	45	30
Exports				
Bananas	997	973	1,043	1,000
Coffee	97	72	96	85
Beef	47	32	40	42
Sugar	57	58	87	90

[1]Estimated. [2]Projected.

Economic Problems Continue

The economy contracted by at least 2 percent in 1981, and no growth is expected for this year. However, a major devaluation of the colon, coupled with gradually rising export prices, would reduce the trade deficit. When a debt restructuring package and a stabilization plan approved by the International Monetary Fund (IMF) are in place, investor confidence may return, and the heavy capital flight of recent years may end.

Costa Rica's agricultural output is expected to grow 4.4 percent in 1982, mostly because of record coffee production. Healthy increases in grain support prices should also encourage a modest gain in production. Recent suspension of beef exports following health violations, however, has thrown 1982 production in doubt. Among export crops, banana production may decline because of disease, but coffee will be up sharply as tracts planted several years ago mature.

Exports Gain Slowly

Agricultural export earnings, which equaled $1.6 billion in 1980, will probably not rise as much as the increase in production. Coffee shipments will be constrained by the export quotas now in place, offsetting gains which might occur in sugar and perhaps beef sales. The United States, which usually takes about 40 percent of agricultural exports, imported $280 million in 1981. Canada and Western Europe are also major markets.

Imports Rise Little

Costa Rica's agricultural imports fell in 1981, from $128 million in 1980 to $87 million. Foreign exchange shortages and the economic decline were responsible. This year, the volume of grain imports will rise with the availability of concessional financing, but lower prices will keep costs down. U.S. sales, which equal about half of total agricultural imports, are expected to rise somewhat—about $50 million in 1982. (Donnel O'Flynn)

El Salvador

El Salvador's sharp decline in agricultural production amounted to a cumulative drop of 28 percent between 1979 and 1982, increasing the country's dependence on imports. At the same time, declining agricultural exports imply lower foreign exchange earnings and a greater need for food aid.

Economic Decline To Continue

The economy contracted 10 percent in each of the last 2 years, and a further decline is expected in 1982. However, the agricultural sector is only projected to shrink 1.6 percent in 1982, compared with 12.3 percent last year. The sharpest decline is expected in cotton, which has suffered from the high cost of credit and inputs. Coffee production has bottomed out at about two-thirds of the pre-war volume. Sugar output is projected to increase in the wake of an 11-percent expansion in area,

Major agricultural imports and exports of El Salvador

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	114	96	126	120
Corn	—	15	43	68
Soybean meal	17	20	31	30
Tallow	20	19	18	17
Exports				
Coffee	190	187	149	118
Cotton	57	57	33	28
Sugar	161	92	44	60
Beef	5	2	1	1

[1]Estimated. [2]Projected.

— =No available.

Major agricultural imports and exports of Guatemala

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	85	99	100	100
Corn	68	71	74	—
Soybean meal	17	26	24	26
Tallow	10	13	16	18
Exports				
Coffee	129	115	132	125
Cotton	138	115	94	94
Sugar	158	220	196	250
Bananas	214	310	325	325

[1]Estimated. [2]Projected.

— =Not available.

as land affected by agrarian reform shifts into sugar. The outturn of basic grains will be down slightly because of declining planted area. Livestock production may rise somewhat, because slaughter facilities that were closed for sanitary reasons during much of 1981 are expected to have fewer problems this year.

Low Production Spurs New Imports

The United States is the major supplier of agricultural commodities to El Salvador. The traditional leading items are wheat and tallow. Recently, however, the decline in Salvadoran corn and cottonseed production has caused growing import requirements for feed grains, vegetable oils, and protein meals. Led by increases in these items, total U.S. agricultural sales are expected to grow in 1982. El Salvador's agricultural exports to the United States are dominated by coffee, which constitutes over 90 percent. Higher coffee prices may help to offset the expected lower volume, but Salvadoran exports to the United States are still expected to fall from 1981's $143 million. (Donnel O'Flynn)

Guatemala

Agricultural imports will likely fall in 1982. Improved crop production in 1981 coupled with a weak economy are the probable causes of the decline.

Outlook Poor

The economy grew only 1 percent in 1981 and will probably do worse this year. Tight credit, low prices for export products, and weak investor confidence due to continuing warfare explain the situation.

The agricultural sector is expected to grow 1.6 percent in 1982, down from a 5.7-percent gain in 1981. Increased crop support prices caused the 1981 gain. One thriving sector is poultry, because eggs and poultry meat are in demand as substitutes for more costly beef. Production of export crops will remain flat, as a credit shortage continues to restrain cotton production, and the rising costs of fertilizer lower coffee output.

Exports Increasing; Higher Grain Output Will Reduce Imports

The United States supplies over half of Guatemala's agricultural import needs, which totaled $131 million in 1980. Principal U.S. exports are wheat, feed grains, soybean meal and oil, and tallow. Guatemala's feed grain requirements will likely fall to zero because of an improved harvest, while wheat needs may remain at 1981's level—a result of slow income growth and greater domestic grain production. Requirements for vegetable oils, tallow, and protein meal are rising because of the 3-year decline in cottonseed production. Overall, U.S. agricultural sales are expected to fall from 1981's $77 million, largely a result of the decline in corn exports.

Guatemalan agricultural sales have approached $1 billion in recent years. The United States generally accounts for 35 to 40 percent of this total. Principal exports to the United States are beef, raw sugar, bananas, and coffee. U.S. imports will likely fall from 1981's $277 million to about $225 million because of sharply lower sugar prices. (Donnel O'Flynn)

Honduras

Improved 1981 grain production has lowered Honduran import needs in 1982, while mixed prospects for agricultural exports indicate foreign exchange earnings near last year's level.

Economic Growth Slight

The Honduran economy did not grow in 1981 because of weak investor confidence and low export prices. While prices may improve in 1982, Honduras has had the misfortune of sharing its neighbors' political uncertainty, and investment is unlikely to improve this year. Economic growth is therefore apt to be slight, if not negative. The agricultural sector is expected to grow less than 1 percent, after declining 1.6 percent in 1981. The record grain output caused by good weather in 1981 is not likely to reoccur. Modest growth is expected for the major export crops, except for coffee, which has been held down by high input costs. Beef output will likely expand if export prices rise.

Improved Trade Balance

Major import goods are wheat, corn, tallow, and soybean meal. Corn imports are expected to fall sharply in 1982 because of the improved 1981 harvest, while increases in the other commodities will be restrained by the weak economic situation. The United States supplies

Major agricultural imports and exports of Honduras

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	71	75	78	81
Corn	7	47	62	18
Tallow	9	9	7	8
Soybean meal	11	11	14	15
Exports				
Bananas	892	862	762	830
Coffee	66	57	62	60
Beef	40	36	32	33
Sugar	55	81	95	80

[1]Estimated. [2]Projected.

about one-half of Honduran agricultural imports, which equaled an estimated $95 million in 1981. U.S. sales will probably decline slightly from 1981's $44 million.

Honduras' leading agricultural exports are bananas, coffee, beef, and sugar. Sugar exports are expected to decline because of the Government's determination to end domestic supply interruptions. Coffee exports will likely fall slightly, because the harvest will be reduced as a result of high input costs. On the other hand, beef and banana sales should recover from 1981's declines. The United States takes about one-third of Honduran agricultural exports. In 1982, U.S. imports are expected to rise on the strength of higher coffee prices. In 1981, the United States spent $314 million on Honduras' agricultural goods. (Donnel O'Flynn)

Nicaragua

Nicaragua's agricultural imports are expected to decline this year because of the Government's import substitution strategy for basic grains. On the export side, continued low prices for principal items, especially cotton, will limit growth.

Recovery Expected in Crops

Agricultural production is expected to rise 4.3 percent in 1982—to about 80 percent of the output before the 1979 civil war. Livestock production, still suffering from illegal exports during the war, will likely continue to recover and may approach 55 percent of pre-war output. Led by recoveries in sugar and coffee, the production of export crops could grow 5 percent to 85 percent of pre-war output. Basic grains and other domestic crops, helped by the Government's decision to skew credit in their favor, are expected to reach a record that will be 5 percent above the pre-war peak. Rice output has made particularly notable gains, so much so that modest exports are envisioned for the first time in 7 years.

Major agricultural imports and exports of Nicaragua

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	50	78	99	30
Corn	18	38	—	—
Rice	10	33	18	—
Tallow	3	13	9	9
Exports				
Coffee	49	50	49	53
Cotton	20	70	70	72
Beef	46	24	14	14
Rice	—	—	—	5

[1]Estimated. [2]Projected.

— = Not available.

Import Needs Decline

Agricultural imports soared in 1980 and 1981 because of the disruptions following the civil war. With import needs falling and the United States still refusing concessional financing, U.S. sales are expected to drop again, down from 1981's low $40 million.

The two leading exports, cotton and beef, face continued weak world markets in 1982, holding down earnings from agricultural sales. However, better coffee earnings could counterbalance the decline. Agricultural exports to the United States are apt to fall below 1981's $109 million, as coffee shipments are shifted towards nontraditional markets. (Donnel O'Flynn)

Panama

Because of improved domestic crop conditions and lower grain prices, Panama's agricultural import bill is expected to show a modest decline in 1982. On the other hand, continued weak world demand for sugar and bananas will hold down agricultural export earnings.

Output Recovers

Panama is the only country in Central America whose general economy remains strong. The benefits of the Canal, the international banking sector, and a dynamic manufacturing sector caused a 4-percent gain in output in 1981, and this rate of growth is expected to repeat itself in 1982. Unfortunately, the economic benefits do not extend much past the Canal Zone and the capital city. The other provinces are experiencing weak growth similar to that elsewhere in Central America. Thus, demand for agricultural products is not as buoyant as the healthy economic growth rates might suggest.

Agricultural output grew 9.8 percent in 1981 and is expected to expand another 5.7 percent this year. Much of this is simply a recovery from the declines that set in after 1977, when the Government reduced price supports. Among export crops, bananas are expected to complete their recovery from a late-1979 storm that harmed output over the last 2 years. Sugar production will hit a record, but plantings are nearing the limit of area con-

Major agricultural imports and exports of Panama

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	61	65	62	63
Corn	27	42	19	30
Soybean meal	8	13	14	15
Soybean oil	19	20	12	15
Exports				
Bananas	568	508	588	650
Sugar	140	155	134	140

[1]Estimated. [2]Projected.

sidered suitable. Beef output should increase, because a third processing plant has been authorized for export slaughter.

U.S.: The Key Trading Partner

The United States accounts for about 80 percent of Panama's agricultural imports, which totaled $105 million in 1980. The leading products are wheat, corn, and soybean meal and oil. This year, relatively little growth is expected in the volume of sales because of Panama's improved supply situation.

The United States buys about half of Panama's agricultural exports, which totaled $198 million in 1980. The main commodities traded are bananas and sugar. The United States took $116 million worth of agricultural goods in 1981. With slightly higher prices, the total should rise in 1982. (Donnel O'Flynn)

SOUTH AMERICA

South America's agricultural imports are estimated to decline 10 to 15 percent in 1982 because of lower prices and smaller purchases of wheat and corn, mainly by Brazil. Brazil has lower import requirements due to higher corn production and reduced wheat quotas for domestic mills. As usual, the major import categories are wheat, vegetable oil, soybeans, corn, rice, sugar, and protein meal. Major suppliers continue to be the United States, the EC, and other Latin American countries.

The value of the continent's agricultural exports will decline 5 to 10 percent in 1982, primarily because of lower prices. Export tonnages for the most part are increasing, however. Coffee, exported by six countries, continues to be the leader, followed distantly by beef, oilmeals, bananas, sorghum, wheat, corn, sugar, cocoa, soybeans, and cotton. Over half of the exports go to the United States, although Brazilian-Argentine trade remains strong. The Soviet Union and the EC are also South America's major trading partners.

In sum, the continent's agricultural balance of trade continues to be strongly positive because of the high value of its exports.

Production is estimated to increase for 1982, but at a slower rate than in 1981, when it grew 5.5 percent. A return to "normal" weather after the near-ideal 1981 growing season means lower yields for many countries. Financial constraints have limited increases in government programs, with the result that area expansion and use of purchased inputs have also been limited.

Argentina

Agricultural trade in 1982 is forecast to show lower imports and an export volume similar to last year's. Grain exports are forecast to decrease 9 percent to about 16 million tons, reflecting a lower outturn of corn. However, record sunflower and soybean crops will boost oilseed exports about 18 percent to 2.6 million tons. Beef sales will increase slightly in light of more competitive prices and aggressive marketing in the Middle East.

Policy Measures Aid Farmers

A number of recent policy changes have facilitated agricultural trade:

- In December 1981, a complex, two-tiered exchange rate was discontinued, and the peso was allowed to float freely. This amounted to a 40-percent devaluation, making export prices more attractive to buyers. A 10-percent tax on unprocessed agricultural exports, imposed to raise government revenues, removed a portion of the advantage, however.
- As a result of the Falkland Islands dispute, over-the-counter foreign exchange trading was suspended in April 1982. In May, the peso was devalued another 17 percent, while at the same time a foreign exchange tax to help defray military expenditures was imposed. The weaker peso is expected to force grain prices down, bringing greater export earnings.
- To decrease domestic production costs, import duties on a variety of raw materials were lowered. The maximum tariff is now 38 percent, and the minimum 10 percent. Counterbalancing these gains, taxes on all petroleum fuels were raised about 30 percent to help finance the Falkland Islands mobilization, eroding farmers' earnings and causing further shifts to minimum-till operations such as the sowing of soybeans on wheat stubble.

Overall, Argentina's 1982 agricultural exports have not been seriously hindered by the Falkland Islands dispute. During the first 4 months of the year, exporters shipped a record 7.1 million tons of grain in an attempt to avoid being trapped by the rumored British blockade.

Economic Troubles Continue

The economy continues in an uncertain state as the Government struggles with a variety of measures to bring about economic stability. GDP, having fallen 6.1 percent in 1981, will likely contract further in 1982. Inflation, spurred by the costs of military operations, will exceed 1981's 131 percent, and diminishing real wages

Major agricultural imports and exports of Argentina

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Coffee	36	26	24	23
Bananas	142	178	165	161
Poultry meat	9	18	11	9
Exports				
Wheat	4,295	4,481	3,758	3,800
Corn	5,959	3,525	9,112	6,200
Sorghum	3,898	1,516	4,932	5,500
Soybeans	2,810	2,709	2,207	2,400
Beef	697	469	486	500

[1]Estimated. [2]Projected.

will continue to discourage consumer demand. Interest rates continue to be a barrier to agricultural and industrial growth. Unemployment, at 13 percent in November 1981, and underemployment, estimated to be affecting over 40 percent of the labor force, will continue to increase as excess industrial capacity reduces work opportunities. On the bright side, the balance of trade will likely improve from a deficit of $17 million ($9.066 billion of imports and $9.049 billion of exports) to a surplus of $2 billion ($10 billion of exports and $8 billion of imports).

Agriculture: The Lone Bright Spot

Agriculture continues to be the healthiest sector of the Argentine economy. Production increased about 3 percent in 1981 and accounted for 15 percent of GDP. Its performance in 1982 will likely be similar. Although the peso devaluations of 1981 strengthened grain prices and increased producers' real incomes, burdensome farmer indebtedness and interest rates that sometimes reached 10 percent a month strengthened a recent trend toward larger farms as smaller and less efficient operations went bankrupt. To ease the sector's financial burden, interest rates were indexed to major crop and livestock prices rather than to financial or industrial price indices. Farm loans increased some $291 million, raising the total debt in the sector to about $5 billion. A proportionally greater share of the loans was for crop production rather than for livestock as farmers opted for quicker returns to cancel debts and grains enjoyed generally more favorable price prospects than did beef.

Since 75 to 80 percent of Argentina's total export revenue comes from the sale of agricultural products, the Government continues to use bilateral agreements as a means of ensuring access to foreign markets. In addition to maintaining grain agreements with the USSR, the People's Republic of China, Mexico, and Iraq, Argentina signed trade pacts in 1981 involving the sale of 60,000 to 100,000 tons of beef per year (1981-1985) to the USSR and 265,000 tons of wheat, corn, and beans per year (1982-1986) to Algeria. These agreements are primarily "letters of intent" signed by an agency of the Argentine Government but stipulating that sales will be carried out by private traders, the Government being philosophically opposed to intervention into markets. Nevertheless, Argentina's growing dependence upon export revenues will likely lead the Government to enter into further bilateral agreements and conduct aggressive marketing campaigns, especially in the Middle East.

1982 Grain Output Off, Lower Exports

The total grain harvest is forecast at 27 million tons in 1982—about 6 percent below the record 1981 crop brought about by exceptionally good weather. Coarse grain outturn will likely decrease about 9 percent to 19 million tons, as drought prevented the planting of about 600,000 hectares of corn in late 1981, the area going instead to soybeans and sorghum. Increased area and excellent yields led to a record 8.3 million ton sorghum harvest. Wheat prices, as well as the low operating costs of double-cropping wheat and soybeans, continue to be attractive to producers, so area and production of both crops are forecast to increase in 1982.

Current estimates place 1982 grain export availability at about 16 million tons, of which 3.8 million is wheat, 6.0 million corn, and 5.8 million sorghum. This represents a drop of 12 percent from 1981 shipments. The USSR—which in 1981 took 79 percent of Argentina's wheat exports, 88 percent of corn, and 81 percent of sorghum—is expected to buy a similar or larger percentage of the 1982 crop. Increased USSR purchases will reduce Latin American and Western European shares.

Large Oilseed Gains In Prospect

With a return to more normal weather and yields, the 1982 oilseed harvest is expected to be about 7.1 million tons—24 percent higher than last year. Rising prices at planting time boosted sunflower acreage, while drought late in 1981 caused some corn area to be planted to soybeans. Record outturns are expected for both crops. In 1981, production was off about 10 percent because farmers chose to plant more favorably priced grains. There were shifts from sunflowers to wheat and sorghum, from single-crop soybeans to corn, and from flaxseed to wheat. The oilseed harvests were also hampered by heavy rains, thus further reducing output.

Oilseed exports from the 1982 crop will amount to about 2.6 million tons—an 18-percent increase arising from increased soybean supplies. Normally, over 95 percent of the oilseed exports are soybeans. The USSR, which in 1981 took 32 percent of Argentine soybean exports, will likely take about 35 percent in 1982. Latin America's market share will increase from 25 to 30 percent, while that of Western Europe will fall from 36 to 25 percent, as trade relations with that region deteriorate.

Beef Output Down

Beef production in 1982 is forecast to drop some 12 percent as greener pastures and greater credit availability encourage producers to rebuild herds. Dry weather that reduced the carrying capacity of pastures and excessively high interest rates forced producers to increase the slaughter rate during the first half of 1981. To encourage the retention of breeding stock, the Government made more credit available to ranchers late in 1981. Continued recession and higher retail beef prices will continue to decrease domestic consumption in 1982.

Despite the rebuilding program, exports of 500,000 tons of beef are forecast for 1982, up from 1981's 486,000 tons as the peso devaluations have made Argentine beef prices more competitive. Although sales in 1981 increased slightly over those in 1980, they were below the average for recent years because of weak demand in the world market and strong competition from Brazil and Uruguay. The EC was the largest export market in 1981, taking 34 percent, followed by the USSR with 24 percent. Sales to Egypt, where Argentina is currently negotiating another meat export agreement, jumped 470 percent to 42,800 tons in 1981. In 1982, the USSR, the EC, Egypt, and Israel are expected to be the principal buyers of Argentine beef. (Alan B. Maurer)

Bolivia

The outlook for 1982 agricultural trade indicates a second year of wheat imports supplied by Argentina and some recovery in agricultural exports. A serious shortage of foreign exchange is putting significant pressure on the Government to reduce imports.

Major agricultural imports and exports of Bolivia

Commodity	1979[1]	1980[1]	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	199	242	300	300
Vegetable oil[3]	5	7	27	20
Rice	20	—	—	—
Exports				
Sugar	119	100	19	125
Soybean meal	14	19	13	22
Coffee	8	6	6	6

[1]Estimated. [2]Projected. [3]Primarily soybean oil.

— = Not available.

Continued Economic Troubles

Economic growth in 1981 was impeded by tight credit, accelerated inflation, low export prices, and depressed internal demand. Political instability and the persistent threat of a peso devaluation encouraged capital flight and discouraged new investment. There was a serious foreign exchange deficit, and the Government had considerable difficulty meeting its debt-service obligations. In 1982, the difficulties are worsening. Aggregate demand is contracting further as lower per capita income and inflation erode purchasing power. Foreign exchange remains in extremely short supply.

Agriculture Unchanged

Agriculture is expected to show only a slight production increase in 1982. A slack demand for poultry will likely reduce that subsector's output and encourage a smaller yellow corn crop for feed. Heavy flooding in the major cattle area, the Beni, early in the year may have resulted in heavy cattle losses. The situation for crops is a bit brighter. Producers have planted about as much area as in 1981, and a dry harvest season would mean improved yields compared to 1981.

Bolivia's Wheat Imports Will Still Come From Argentina

In 1981, Bolivia turned from the United States to Argentina for all of its wheat imports because the aid program under which most wheat shipments were made was suspended. In 1982, the food aid program was resumed. Nevertheless, because of the program's resumption late in the year, most 1982 wheat imports will be from Argentina.

Compared with previous years, imports of crude vegetable oil were unusually high in 1981 because the Government decided to import oil to absorb refineries' excess capacity. For the same reason, imports are expected to remain large in 1982, although the shortage of foreign exchange may reduce them somewhat.

With reasonable weather, agricultural exports are estimated to increase in 1982. Sugar and coffee shipments should be at normal levels. Increased subsidies for soybean meal are helping to guarantee both production and exports. Small exports of refined vegetable oil should be possible again because of increased domestic production. (Lisa J. Shapiro)

Brazil

Agriculture provided the only big success story in Brazil's stagnant 1981 economy, and will do so again in 1982.

The 1982 import picture will nearly duplicate that of 1981 when Brazil spent more than US$1 billion for food imports. The wheat import bill, $765 million in 1981, is again estimated to be by far the largest single item. The United States supplied 3 million tons (valued at $551 million) of the 4.26-million-ton import total, largely because it provided GSM-102 credit guarantees. Purchases of corn have virtually disappeared, but rice imports continue in 1982.

In 1982, Brazil will top its 1981 record of $9.6 billion in agricultural exports. Last year's farm exports, combined with shipments of iron ore and manufactured products, gave Brazil a favorable trade balance of $1.2 billion. Soybeans, meal, and oil earned $3 billion, but returns from exports of coffee, cocoa, and sugar were down because of the drop in world prices. Exports of orange juice, poultry meat, and processed beef made compensating advances.

Economic Depression Eases

The general economy in 1982 shows signs that it will be better than 1981—the year with the worst economic record since World War II, showing a drop of 3.5 percent in the GNP. The Government's tight fiscal and monetary policies brought down the inflation rate from 110 percent in 1980 to 95 percent in 1981. These policies, however, contributed to an 8.4-percent decline in industrial output, as well as a drop in consumer purchasing power. This affected all categories, from petroleum to farm products and from automobiles to poultry. The Government's removal of subsidies on wheat, coffee, and gasoline in 1981 is dampening consumption in 1982.

On the positive side, Brazil's energetic export drive of 1981 continues into 1982. Imports were held to $22.1 billion, compared with exports of $23.3 billion. However, Brazil had debt-service payments of over $10 billion on a $61 billion debt. Because of high interest rates, this continues to be a burden in 1982. Brazil vigorously attacked the problem of its $9 billion petroleum import bill by increasing gasohol production and raising prices. Higher prices and the economic slowdown so cut petroleum consumption that the 1981 import volume was down 15 percent from the 1979 record.

Agricultural Growth Moderate

Agricultural production is estimated to be up slightly in 1982, but the 6.8-percent growth of 1981 will not be matched. Good weather at planting time was followed by a month of drought in January, which affected soybean, rice, and corn production. Weather aside, farming continues to be the priority sector, and agricultural credit policies have been refined to make them more effective by providing:

— Credit to farmers at a rate of 45 percent compared with the inflation rate of 95 percent. The credit is allocated such that large producers get 50 percent of their production costs, medium producers get 70 percent, and small farmers get the full 100 percent.

Major agricultural imports and exports of Brazil

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Wheat	3,650	4,760	4,260	4,170
Corn	1,487	1,722	570	—
Soybeans	253	474	600	1,000
Rice	745	236	150	400
Exports				
Soybean group				
Beans	638	1,549	1,500	1,200
Meal	5,171	6,582	8,884	6,900
Oil	534	744	1,281	1,000
Coffee				
Green	562	784	825	820
Instant	53	41	48	50
Sugar				
Demarara	1,283	1,391	1,563	1,500
Refined	435	612	916	910
Crystal	111	569	222	225
Cocoa				
Beans	157	124	125	135
Butter	21	27	29	28
Liquor	67	68	72	70
Frozen concentrated				
Orange juice	292	401	639	520
Beef				
Fresh frozen	3	6	46	60
Processed	46	72	98	270
Broilers	81	169	294	350

[1]Estimated. [2]Projected. — = Not available.

— A schedule of minimum prices for crops that are tied to the consumer price index—a step that will correct for inflation.

Mixed Grain and Oilseed Picture

Last year's production was the second year of record output after 2 years of drought. This year's output will be even greater because of increased land in production. Projections for grains and oilseeds are mixed, and some tropical products are down. The 1982 area in corn, up 4 percent to 13.2 million hectares, is expected to produce a harvest of 23.0 million tons, compared with 1981's 22.6 million. The poultry boom, with its demand for feed grains, is the force behind the expansion in corn. Corn imports, which amounted to 570,000 tons in 1981, are unnecessary in 1982. Rice production will be up from last year's 9.1 million tons (paddy), to 9.3 million, in spite of reduced area and the January drought. Nevertheless, reduced stocks have made it necessary to import some rice. The wheat crop is now being planted, but it will probably be larger than 1981's 2.2 million tons, because of the high 1982 support price of $275 a metric ton. The forecast for the 1982 dry bean harvest is 2.85 million tons, a 19-percent increase from 1981's record 2.4 million. No imports are anticipated this year.

Soybean production will likely be down to 12.8 million tons from 1981's record crop of over 15 million. Farmers in the south switched some area to other crops, and the January 1982 drought significantly hurt yields. The 1982 crush is expected to be about 12.5 million tons, with meal production at 9.6 million and oil output at nearly 2.3 million. The cottonseed crush should be slightly below 1981's 1.1 million tons. Peanut production, which fell to 310,000 tons in 1981, is forecast at 375,000 in 1982. The rains that broke the drought in the northeast ensure a castorbean harvest of 320,000 tons, compared with the drought-stricken 300,000 in 1981.

Reverses in Coffee, Cocoa

The coffee and cocoa crops in 1981 were the culminations of billion dollar long-term investment programs. However, both are suffering partial reverses this year. The freeze of July 1981 had no effect on the large 32.5-million-bag coffee harvest for 1981, but it did affect flowering in 1982 and reduced the crop to an estimated 17.5 million bags. The investment program in cocoa, which covered a 15-year period, enabled a record production of 357,000 tons in 1981. This year, bad weather reduced the crop to 315,000 tons.

Large Gains in Sugar and Alcohol

Brazil's investment in its sugar and alcohol industries is projected at $5 billion for 1981-85. A huge expansion in sugarcane production has already been in progress since 1975, and cane output is estimated at 165 million tons in 1982, compared with 154.8 million tons last year. The schedule for 1982 sets sugar production at 8.5 million tons (raw value), and the plan for 1983 is for 9.4 million tons.

The 1982 alcohol program is scheduled to produce 4.3 billion liters. This compares with a 1986 goal of 9.3 billion liters. This may slip however, because of the recent drop in gasohol consumption resulting from a slump in the sale of alcohol-driven automobiles. Nevertheless, with the help of the World Bank, Brazil is pushing the program forward and has already made investments that will ensure a capacity of 8.9 billion liters. These investments include 250 new distilleries and 6 new research stations. The latter are in the States of Para, Maranhao, Minas Gerais, Parana, Mato Grosso do Sul, and Bahia.

The January 1982 freeze that damaged the Florida orange harvest was a boon to Brazil, which has a fruit supply that is 10 percent above 1981's 9.3 million tons. Some stocks of frozen concentrated orange juice (FCOJ) moved quickly after the freeze. However, the outlook is for higher stocks following the current season's large crop.

Cotton production is forecast at about 625,000 tons for 1982—475,000 from the south and 150,000 from the northeast. This compares with 593,000 in 1981. The use of IAC-17 seed has increased cotton yields in recent years.

Beef slaughter will increase again in 1982, as it did in 1981, when it rose 5 percent to 2.25 million tons. The increases are caused by a large slaughter of replacement animals. Therefore, the upturn in the cattle cycle is expected in 1983. The excess 1982 production will go into exports, because domestic consumption has remained flat at 1.9 million tons. Consumers have preferred relatively lower priced chicken. In 1981, poultry production increased to 1.4 million tons, adequately supplying larger domestic and export needs. The forecast for 1982 is 1.5 to 1.6 million tons. Pork slaughter will drop slightly, down from 980,000 tons in 1981, because of soft domestic demand and reduced herds.

Fluid milk production in 1982 is showing a 2-percent increase to 10.75 million tons. The higher 1981 price granted as an incentive to producers brought this response.

Drop in Imports Likely

Agricultural imports are likely to decline in 1982. Wheat imports are running below 1981's 4.1 million tons and are forecast at 3.8 million tons valued between $700 and $750 million. This year's bountiful corn harvest has virtually ended corn imports, which amounted to 570,000 tons in 1981. The 1981 drawdown of rice stocks, combined with drought damage to the 1982 crop, has necessitated some imports to guarantee the domestic supply. Imports of garlic, apples and pears, and beef are also down. Imports of soybeans, including some from the United States, are continuing because of excess crushing capacity.

Aggressive Export Campaign

This year, Brazil's agricultural exports are expected to surpass 1981's $9.6 billion because of an aggressive export campaign. Coffee exports are placed at 15 million bags worth $2.5 to $2.6 billion, compared with 16 million bags bringing in $1.76 billion in 1981. The International Coffee Organization quota for 1982 is 16.9 million bags. Cocoa and cocoa products are projected to exceed 1981 volumes, which were, in tons: beans (125,228), butter (29,022), and liquor (72,505). Raw and refined sugar volumes should match those of 1981 (see table). FCOJ exports should reach 400,000 to 500,000 tons, because the 1982 Florida freeze has reinforced demand. Livestock products, especially processed beef and broilers, will be up. The latter will rise from 294,000 tons in 1981 to 400,000 in 1982, because of demand from the Persian Gulf countries. Tobacco, which was 131,690 tons in 1981, should be 145,000 in 1982. Crude and refined castor oil, which had a combined total of 103,000 tons in 1981, should reach 105,000 in 1982.

The total value of U.S. agricultural exports to Brazil was $710 million in 1981, a gain of 4.4 percent from 1980's $680 million. Wheat exports of almost 3 million tons had a value of $551 million. Corn exports reached 570,000 tons valued at $88 million before disappearing at midyear. Third in value were soybeans—$24.6 million for 77,500 tons. Total export value in 1982 will not match last year's.

U.S. agricultural imports from Brazil had a total value of $1.9 billion in 1981, down slightly from 1980's $2 billion. The important commodities were: coffee ($850 million), cocoa and products ($195 million), sugar ($388 million), FCOJ ($169 million), corned beef ($60 million), cashew nuts ($55 million), and castor oil ($32 million). The outlook is for an even lower value in 1982, because sugar imports will be less. (Samuel Ruff)

Chile

Chile continues to be a significant importer of agricultural commodities and a growing fruit exporter. Low prices, high production costs, and competition from abroad will likely discourage wheat, corn, sugar, and oilseed production and boost imports. Larger supplies of fruit will encourage higher exports. The United States is likely to continue to supply most of the imported cereals and a large share of the oilseeds and sugar. In turn, it will continue to be one of the principal purchasers of Chile's agricultural exports.

Major agricultural imports and exports of Chile

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Wheat	728	1,069	1,041	1,150
Corn	198	434	315	400
Sugar	272	466	51	290
Vegetable oil[3]	62	57	80	100
Exports				
Fishmeal	385	484	456	550
Fish oil	66	83	77	100
Apples	124	165	190	220
Table grapes	51	50	80	100

[1]Estimated. [2]Projected. [3]Primarily soybean oil.

Agriculture in Trouble

In 1981, the Chilean farm sector suffered from low domestic and world prices for agricultural products, an appreciation in the dollar-pegged peso, extremely high real interest rates, and increased prices of inputs such as fertilizer. Producers were caught in a serious cost-price squeeze, a situation which is continuing in 1982.

The Government, aware that the extremely high cost of credit was hurting production prospects, agreed in 1981 to renegotiate on more concessional terms some loans to small farmers and to try to obtain concessional financing for agricultural exports. In early 1982, the Government also began to modify the tax system applied to agriculture in an effort to relieve producers' difficult financial position.

On the demand side, the same low prices that hurt producers in 1981 helped to increase consumption. The drop of 14.5 percent in agricultural product prices, along with a 5-percent increase in the GDP and a 1.7-percent gain in population, stimulated demand. While low prices and population growth are encouraging demand growth during 1982 as well, these factors are likely to be outweighed by a sharp decline in income as economic activity throughout the economy contracts.

Output Mixed

Producers were strongly influenced by the low prices and high input costs evident in 1981. This has hurt both the production of crops harvested in 1982 (e.g., grains, oilseeds, sugar, and vegetables) for which planting decisions were made in late 1981 and, by affecting the rate of investment in operations which do not pay off within a one-year period, future production.

The prospects for 1982 production reflect not only the strong adverse influence of the 1981 economic climate, but also the more optimistic one of earlier years. The aggregate agricultural production level is forecast to remain unchanged compared to 1981, reflecting a decline in crops planted last year for harvesting in 1982 and an increase in the production of commodities resulting from earlier investments. For example, grain and sugarbeet production is expected to be off 8 and 45 percent (to 1.2 million and 900,000 tons), respectively, while apple and table grape production is expected to increase 21 percent to 520,000 tons as new trees and plants come into production. Similarly, record-high animal inventories—made possible by an earlier build-up of herds—are expected to result in a high rate of slaughter and red meat production in 1982.

A Growing United States Presence

The quantities of cereals, sugar, and vegetable oil that Chile imports will remain highly dependent on world prices, exchange rates, and local supplies. Lower domestic production will likely generate wheat imports of 1.15 million tons, most of which will be from the United States. Corn imports of 400,000 tons, also from the United States, and soybean meal purchases of 50,000 tons are required to meet demand for pig and poultry feed. Low world soybean oil prices are expected to encourage a 25-percent jump in imports, to 100,000 tons. Soybean oil sales will be shared by Brazil, Argentina, and the United States. Brazil could also be an important supplier of the estimated 290,000 tons of sugar that is needed because of the sharp dip in domestic production. With increasing wheat, corn, and sugar imports, the U.S. share of the market is expected to rise beyond its 45 percent in 1981.

Despite the disadvantage agricultural exports faced in early 1982 because of the overvalued Chilean peso, 1982 agricultural exports are likely to post a sizable gain. Traditionally low domestic fruit consumption and larger exportable supplies may well mean Chilean fruit exports in excess of 365,000 tons, up 17 percent from 1981. However, pulse exports of 60,000 tons would be down over 10 percent because of producer response to the unfavorable economic conditions.

Fishing Declines

Fish production may slow down in 1982, following several years of very rapid growth and the emergence of Chile as an important producer and exporter of fishmeal and fish oil. Large stocks of fishmeal were carried over from 1981 because of competition with large world supplies of soybean meal and the reluctance of Chilean exporters to sell fishmeal at low prices. The large stocks, continued low world fishmeal prices, and a less favorable exchange rate in 1982 are likely to discourage fishing. (Lisa J. Shapiro)

Colombia

Slightly stronger coffee prices and greater incentives for nontraditional exports will provide Colombia greater agricultural export revenues in 1982 than in 1981. Exports are forecast at about $2.5 billion, up from $2.1 billion in 1981. The overall economy continues to be plagued by stagflation and flat demand for most domestic and imported agricultural products. Agricultural imports, estimated at $325 million in 1981, will stay at that level or increase only slightly. The U.S. supplies about 70 percent of Colombian agricultural imports, primarily wheat, feed grains, and vegetable oils. U.S. sales of $225 million or slightly more are projected for 1982. Wheat imports will remain stable, while corn, sorghum, vegetable oils and wine are expected to increase.

Sluggish Economy

The economy continues to show little growth in 1982, as it has since 1980. The economy continues to suffer from interest rates of over 40 percent and a rate of inflation in excess of 20 percent. Furthermore, an overvalued currency has reduced the competitiveness of

Major agricultural imports and exports of Colombia

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Wheat	336	640	509	480
Corn	62	193	33	163
Barley	49	39	80	120
Vegetable oil	86	89	109	110
Exports				
Coffee[3]	686	687	542	594
Bananas	626	710	795	855
Sugar	240	270	230	200
Cut flowers	30	36	38	40

[1]Estimated. [2]Projected. [3]Includes contraband.

exports, already depressed because of the world economic slowdown. In 1981, the lower exports and a relatively open import policy resulted in the largest foreign exchange deficit in the country's history.

Domestic industries in some cases are operating below capacity because they are unable to compete with imports. In other cases productivity is declining as old equipment is not being replaced because of the high interest rates.

Agricultural Markets Depressed

The outlook for agriculture is a repeat of 1981, with perhaps slightly improved output due to better weather and the increased availability of credit. The principal problem is the generally depressed market. Export markets for commercial crops, such as coffee, sugar, bananas, and cut flowers, are weak. Meanwhile, the domestic markets for rice, poultry, pork, sorghum, and barley continue to be sluggish. In addition, steadily rising costs for agricultural inputs and credit have placed the farmers in an increasingly tight cost-price squeeze.

The principal agricultural product is coffee. In 1981, world prices sagged, and coffee export revenues declined to $1.5 billion, 40 percent below 1980. Given the large part of the population involved in coffee production and trade, the weak 1981 exports were a significant factor contributing to depressed consumer demand. The situation for 1982 is somewhat brighter because of a slight strengthening in coffee prices. However, this stengthening in price has only been achieved at the expense of a reduction in Colombia's export quota as a member of the International Coffee Organization. The Government is attempting to limit plantings of coffee because of record high stocks and the weak outlook for prices over the next few years.

Crop Situation Favorable

Production of the principal cash crops, with the exception of cotton, is forecast to increase slightly in 1982. Sugar production continues to climb, aided by the modernization of mills and in response to strong domestic demand and the recently acquired export quota. The Government has plans to build a paper factory that will use bagasse. It is also studying the feasibility of using cane to produce fuel alcohol.

Banana production has expanded rapidly in recent years, and further increases in output are expected for 1982. Exports will reach record levels of 800,000 tons

and $100 million. Production and exports of cut flowers began to level off in 1981, but a small increase to 40,000 tons valued at over $100 million is expected in 1982.

Grain, Oilseed Imports Likely To Decline

Grain production is estimated to have improved slightly in 1982, compared with 1981, when heavy rains reduced corn, sorghum, and rice yields. Rice production, the principal domestic food grain, remains at the same level or slightly higher. Wheat again is the major import, with varying quantities of corn, barley, and sorghum making up the remainder of domestic requirements.

The oilseed deficit may narrow because of increased production and currently high stocks. Area planted has shifted out of cotton into soybeans, and palm oil production has continued to increase. In 1982 the U.S. share of the Colombian vegetable oil market is likely to increase because changes in tariffs will reduce the large imports from Brazil, Argentina, Chile, and Paraguay that took place in 1981.

Protective Trade Policies Continue

Trade policy in 1982 has become more protective as the Government tries to stimulate domestic production and reduce its foreign exchange deficit. Agricultural export incentives, such as the income tax rebate, will continue in effect in order to stimulate exports. A series of recently completed commodity development plans is being implemented for rice, African Palm, potatoes, livestock, fish, and tobacco. The objective of these plans is to coordinate production of these commodities with the growth in domestic consumption, thereby reducing the need for imports. (Paul Trapido)

Ecuador

Ecuador is an important exporter of bananas, coffee, and cacao. However, agricultural exports declined almost 40 percent to $497 million in 1981 and appear to be picking up only slightly in 1982 because of continued low prices. The principal agricultural imports are wheat, barley, and soybean oil. The United States is the principal supplier of most of these items, and exports to Ecuador are expected to remain close to last year's level of $125 million.

Economic Growth Slow

Economic growth in Ecuador is estimated to fall slightly from 1981's 4.8 percent. Petroleum production and exports may increase, but export revenues are likely to drop because of depressed world prices. A lower rate of growth in government spending and continued sluggishness in the manufacturing and construction sectors are the principal problem areas.

The farm sector was a bright spot in 1981, as it continued to rebound from the 1977-79 drought. The 6-percent increase in output was in part due to an improvement in the livestock sector, paced by the rapid growth of the poultry and swine sectors. In addition, increases in farm prices and continued good weather contributed to greater area and improved yields for domestic food crops.

Major agricultural imports and exports of Ecuador

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Wheat	268	290	313	320
Barley	38	32	36	30
Oats	28	28	29	29
Soybeans[3]	166	205	258	260
Exports				
Bananas	1,386	1,318	1,210	1,250
Cocoa[3]	90	90	80	75
Coffee[3]	81	90	66	75
Sugar	75	40	30	25

[1]Estimated. [2]Projected. [3]Bean-equivalent basis.

In 1982 the Government's price adjustments have been less favorable as reduced oil revenues have forced lower budgetary allocations to the sector. As a result, agriculture production in 1982 will not increase as sharply as in 1981. Although corn and rice are increasing again, wheat continues to decline, despite high farm prices. Rice production will rise, even though farmers did not receive the price they requested. Oilseeds should show moderate improvement since the area planted to African Palm and soybeans has expanded. To protect domestic palm oil production, in late 1981 the Government prohibited imports of choice white grease. Beef production continues to recover from the drought, and poultry output is growing in excess of 10 percent per year because of continued strong consumer demand.

The situation for tropical products, such as coffee, cocoa, sugar, and bananas, has improved slightly. Coffee and cocoa are benefiting from slightly stronger international prices, and the recent devaluation of the sucre. By next year sugar is expected to respond to a large domestic price hike authorized in late 1981. Tobacco continues to be profitable and shows stable production. Cotton output is down because of poor weather, a lack of price incentives and problems with marketing the 1981 crop. (Paul Trapido)

Paraguay

Paraguay is experiencing a general increase in agricultural trade in 1982. Imports are rising in response to the recent devaluation of the Argentine peso and the Brazilian cruzeiro, while increased production and more favorable international prices are boosting exports.

Economic Reversal Seen

Postponement of construction on the Yacyreta hydroelectric project is seriously depressing the Paraguayan economy in 1982; the 1981 GNP growth rate of 8.5 percent will likely fall to near zero. Much of the large labor force that built the recently completed Itaipu dam now finds itself unemployed, as does the construction industry that was to have built a new town for the Yacyreta workers.

Grains Make Comeback

Agricultural production is likely to increase only about 5 percent in 1982, compared with 9 percent last year.

Major agricultural imports and exports of Paraguay

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Exports				
Wheat and products	65	75	104	115
Cigarettes	3	2	1	2
Fruit	3	2	3	3
Exports				
Soybeans	347	415	525	550
Raw cotton	77	75	85	93
Tobacco	12	15	8	14
Oilmeals	156	104	113	137

[1]Estimated. [2]Projected.

Grain production, down 33 percent in 1981 because producers switched from corn to more favorably-priced cotton, has increased about 20 percent in 1982 because the price advantage has reversed. Paraguay's inability to develop successful wheat varieties will again bring about increases in imports of wheat and flour. Oilseed outturn is estimated to be up only slightly as farmers' enthusiasm for soybeans wanes in the face of low prices and poor yields during the last 2 years. Despite this, exports, principally to Brazil, will continue to increase.

Larger Agricultural Exports Likely

Large cotton stocks are enabling Paraguay to increase exports this year in spite of a slight production decrease. Because the supply of labor at harvest time is a factor limiting Paraguayan cotton production, delays in the Yacyreta project could augment output by increasing the available supply of farm labor.

Tobacco production and exports fell in 1981 because of low international demand. They are rebounding in 1982 in response to more favorable prices. (Alan B. Maurer)

Peru

Peru's agricultural trade pattern is beginning to return to normal following the 2 years of drought that curtailed sugar exports and necessitated large rice and sugar imports. Agricultural imports continue an upward trend as population and income increase demand at a rate which the agricultural sector is unable to meet. The United States is continuing to be Peru's largest trading partner.

Slow Economic Progress

The 1982 economy faces many of the same challenges it did in 1981. Inflation continues at an annual rate of 60 to 70 percent, and GDP growth is weak following the 3.9-percent gain in 1981. Poor export demand underlies another year of low foreign exchange earnings, while imports again take a big bite. Loans taken out in 1981 and 1982 as part of a 5-year development plan are bringing in new capital, but they are also increasing the debt service, which absorbs more than 40 percent of foreign exchange earnings. Little growth in per capita income, low real wages, significant underemployment and unemployment, and high-inflation continue to depress the growth of demand.

Major agricultural imports and exports of Peru

Commodity	1979	1980	1981[1]	1982[2]
		1,000 metric tons		
Imports				
Wheat	825	813	972	1,000
Corn	125	485	344	450
Rice[3]	150	251	102	50
Sugar	—	49	160	—
Exports				
Fishmeal	657	416	285	400
Sugar	187	55	—	50
Coffee	69	55	45	60
Cotton	20	28	41	35

[1]Estimated. [2]Projected. [3]Milled basis.

— =Not available.

Small Gains for Agriculture

Agricultural output shows only small gains in 1982, after 1981's strong recovery from the 3-year drought. Although output is estimated to be the largest on record, it will still be about 2 percent below the 1954-82 trend in total production and 84 percent below the 1969-71 per capita average. Delayed rains in the first half of 1982 have caused cereal production to stay at approximately 1.3 million tons, despite farmer response to Government-subsidized demand for rice and attractive support prices for corn. Sugarcane for both domestic and export use should show close to a 30-percent increase in output because of a replanting campaign which is beginning to pay off. High carryin stocks of cotton due to slow 1981 sales and low world prices have discouraged 1982 production of this export commodity.

The livestock sector shows mixed results in 1982. Strong consumer demand continues to stimulate poultry meat and egg output. Pastures improved by the 1981 rains will again boost milk production, while red meat output continues a downward trend due to declining livestock numbers.

Good Fishing

Fishing has improved from 1981, when a catch of only 1.3 million tons accounted for low fishmeal and oil output, and weak European demand for fishmeal led to the lowest fishmeal exports in over 15 years. A larger catch will mean a partial recovery in fish product output in 1982. Assuming Peruvian fishmeal prices become more competitive vis-a-vis soybean meal, the larger export supply will result in a strong increase in fishmeal exports, albeit to a level still below normal.

Food Import Needs Large

In 1982, increased quantities of wheat, corn, vegetable oil, and livestock products are being imported, but Peru is taking smaller amounts of rice and sugar and roughly the same quantity of dairy products as in 1981. Wheat consumption is increasing at least 3 percent as the population grows and as a significant part of any added income goes to bread and pasta products. With little change in production, wheat imports are estimated to exceed 1 million tons.

About 450,000 tons of corn are being imported to satisfy Peru's demand for poultry and swine feeds. Low import prices for soybeans and products are expected to

shift demand from fish oil toward soybean oil. Sugar imports are negligible, given the improved production outlook, while high rice production and large stocks are supporting a sharp decrease in imports of that product.

The United States has supplied virtually all of Peru's imported wheat and corn, and much of the rice, both in 1981 and 1982. Wheat and rice continue to be partially financed under PL-480 and the short-term credit guarantee program. Argentina, a traditional supplier, continues to export most of its grain exports to the Soviet Union.

In 1981, the United States also supplied over half of the imported soybean meal, sugar, and vegetable oil, and some of the fish oil. Dairy products came from the EC and New Zealand, red meats were mostly purchased from South America, and some fish oil came from Japan and Chile. No major changes are anticipated in the direction of trade for these commodities in 1982.

Moderate Gain in Exports

Agricultural exports, a relatively small portion of Peru's foreign exchange earnings in recent years, will increase moderately in 1982. Increased production of coffee and sugar, large carryover stocks of cotton, and higher coffee prices make this possible. Despite its small volume, coffee is still the main foreign exchange earner among agricultural products. However, the 1982 quantity exported will be constrained by the ICO quota system's allocation for Peru. Sugar exports of 50,000 tons represent an increase over the drought-affected 1981 level, but they remain small compared with the 400,000- to 500,000-ton standard prior to 1976. The United States continues to be the principal buyer of Peru's agricultural exports. (Lisa J. Shapiro)

Uruguay

Uruguay's 1982 agricultural trade situation is mixed. High production costs and a continued overvalued peso are pricing Uruguay's exports out of many markets. Imports are declining slightly as ample stocks from record 1981 production and depressed domestic demand are more than offsetting reduced tariff ceilings.

Stagnant Economy

The economy is not growing in 1982. Anti-inflation measures continue to stress all sectors, increasing unemployment. Widespread feeling that a peso devaluation is inevitable in the near future discourages investment.

Agricultural production is expected to fall at a rate of about 7 percent in 1982, compared with the 1981 increase of 18 percent. The sector is beset by high interest rates and heavy indebtedness from earlier investments made in anticipation of export markets that did not materialize. Government credit programs and export subsidies have generally been insufficient and of benefit only to small special-interest groups.

Agricultural Exports Off

Total grain output, spurred in 1981 by excellent yields and a high support price for wheat, is down about 11 percent in 1982 because export prices have fallen and the wheat support price has been lowered substantially. Exports are likely to be down 45 percent to 280,000 tons.

Major agricultural imports and exports of Uruguay

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Barley	12	32	26	20
Corn	45	10	14	10
Sugar	43	35	20	20
Potatoes	28	15	15	15
Exports				
Beef	81	117	170	135
Rice	153	137	190	170
Barley (malted)	33	63	75	80
Citrus fruit	31	28	28	30

[1]Estimated. [2]Projected.

Oilseed production is estimated to be about 18 percent larger in 1982, with producers switching land from wheat to flax and the low costs of sunflower cultivation continuing to attract financially stressed farmers. Therefore, exports will remain at about the 1981 level, and imports of edible oils will stay nominal.

In 1982, beef production is expected to drop about 13 percent, reflecting low domestic and international demand. Exports will decline about 21 percent because of fierce competition from EC countries. (Alan B. Maurer)

Venezuela

Improved domestic production and depressed consumer demand are reducing agricultural imports from 1981's record of over $1.5 billion. Imports from the United States will drop about 20 percent from 1981's $898 million. The principal factor behind the reduced demand for imports is the improved production of feed grains, sugar, and fruit and vegetables. In addition, price decontrols and lower growth in disposable income are leading to reduced consumption of vegetable oils, processed foods, and imported specialty products.

Weak Petroleum Market Hurts Economy

Venezuela is facing an economic crisis because of depressed world oil prices. Export revenues are forecast to fall 20 percent to about $15 billion, causing a drop in government revenues and forcing a reduction in public-sector spending. Meanwhile, private business activity continues to suffer from depressed consumer purchasing power, high interest rates, and generally low business confidence. In all likelihood, for the third consecutive year, the GDP will show only minimal growth in 1982.

Agricultural Output Rebounds

Agriculture contributes about 7 percent to the GDP. In 1982, the sector is demonstrating considerable growth, with a return to more normal growing conditions after the damage from record-breaking rains and floods during 1981 planting and harvesting in the Western Plains. The value of crop production will increase by 5 to 10 percent as corn, sorghum, sesame, vegetable and many other crop yields return to normal. Livestock and poultry output have been less affected by the weather and should increase by 3 percent in 1982.

Major agricultural imports and exports of Venezuela

Commodity	1979	1980	1981[1]	1982[2]
	1,000 metric tons			
Imports				
Wheat	733	686	891	750
Sorghum	488	44	721	400
Corn	435	1,141	734	700
Soybean meal	285	339	414	450
Vegetable oil	92	147	240	225
Sugar	212	350	333	325
Exports				
Cocoa	9	9	8	8
Coffee	11	3	2	2

[1]Estimates. [2]Projected.

Yellow corn and sorghum are the principal feed grains used by the highly developed poultry and pork sectors. Production is estimated to improve to 1.4 million tons, compared with only 1 million in 1981. Therefore, imports of coarse grains will likely drop from the record 1.5 million tons in 1981 to about 1.2 million this year. However, the U.S. share should stay at its present 1.1 million tons, while imports from South Africa will decline.

The situation in the oilseed sector is less promising. Cotton plantings were reduced because of expectations for low textile prices. Sesame seed production continues to decline because of competition for land from other crops. Peanut production, an increasingly important oilseed in recent years, is faltering. Thus, Venezuela will again import about 80 percent of its vegetable oil requirements, including cottonseed, sunflower, soybean, and coconut. Nevertheless, vegetable oil imports appear to be declining in 1982, because an increase in the official price brought about a drop in consumption. Imports of soybean meal for the feed milling industry will reach a record level of over 400,000 tons. Soybean imports have not grown in recent years, and will remain at their current level of slightly over 50,000 tons. Soybean imports have stagnated because feed millers and vegetable oil manufacturers have been unable to coordinate their demand for meal and oil. The result is that both prefer to import the processed product rather than crush the bean.

Meat Output to Grow Slowly

Beef, poultry, and pork production will grow slowly in 1982. A rise in the price of beef will stimulate production. However, in the short term the result will mainly be to encourage poultry and pork consumption. However, uncertainties over the availability of feed continue to retard the growth of pork and poultry industries. Thus, periodic imports of U.S. poultry and pork will continue.

Improved output of the principal cash crops—sugar, coffee, cocoa, and bananas—is forecast for 1982. A 40-percent increase in retail sugar prices will stimulate production. However, consumption continues to rise at 6 percent a year, with the result that imports from Brazil, the Dominican Republic and the United States will again occur. The United States supplied 104,208 tons of sugar valued at $47 million in 1981.

The production of fruit and vegetables, which was severely affected by the 1981 rains, will recover in 1982. Therefore, imports of tomatoes, onions, garlic, and potatoes will drop from last year's sizable level.

Government Reviewing Agricultural Subsidies

Several important policy issues are being raised in 1982. The Government has already taken measures to reduce subsidies to agriculture, as in the case of sugar and coffee. Discussions suggest that those remaining on feed grains and milk may be reduced or eliminated. This could result in higher food prices if the Government does not also relax the tariffs and other controls it has on imports.

To offset the higher food prices a food stamp program to help low-income consumers has been introduced on a trial basis. The program provides a monthly allotment of about $25 to every individual whose family's income is less than $325 a month. The program will be financed by a transfer in funds from the estimated $750 million in subsidies the agricultural sector now receives. (Paul Trapido)

NORTH AMERICAN AGRICULTURAL TRADE RELATIONS

In terms of overall trade, the nations of North America have already become economically interdependent to quite a degree. The United States is now the principal trading partner of both Canada and Mexico. Likewise, Canada is our number one trading partner, while Mexico is fourth in rank. In the recent past, groups in both the United States—e.g., the Senate Foreign Affairs Committee—and in Canada—the Economic Council—have called for free trade between the two countries. Some individuals—principally in the United States—have gone beyond this to argue that all three countries would benefit from a common market.

The fact remains, however, that the benefits of a North American common market are much more attractive for the United States than for either Canada or Mexico, both of which protect their own industries with tariffs and quantitative restrictions to a greater degree than does the United States. In the simplest terms, the idea of a close economic union is unpalatable to the businesses and politicians of both of our neighbors. To understand this, it is necessary to examine both trade between the United States and the two countries, and the issues and problems that have affected trade relations over the past few years.

For both our neighbors, the United States is a major supplier and importer of agricultural products. Agricultural trade between Canada and Mexico, on the other hand, is quite small. In recent years, Canadian imports from Mexico have averaged 2 percent of total agricultural purchases, while Canadian exports to Mexico have typically been less than 1 percent of total agricultural exports. A common market among the three countries would undoubtedly expand the agricultural trade between Canada and Mexico over the long run. However, the major effects for a considerable length of time would be on bilateral trade between the United States and each of the other countries. Therefore, the emphasis in this article is accordingly on that bilateral trade. Current

statistics for U.S. agricultural trade with Canada and Mexico are given in the acccompanying table.

Exports from the United States made up 57 percent of total 1980 Canadian agricultural imports of $5.1 billion, and almost 71 percent of total 1981 Mexican farm imports of $3.4 billion. Each represents about 5 percent of all U.S. agricultural exports. At the same time, the United States bought approximately 30 percent of Canadian agricultural exports in 1980 and about 65 percent of Mexican farm exports in 1981. Each figure represents between 6 and 7 percent of total U.S. agricultural imports.

For several individual commodities, trade relations are much more significant. For example, Canada and Mexico together accounted for about 81 percent of the value of U.S. imports of live animals in 1981. Canada alone supplied 57 percent. In some years, Mexico has supplied more than 50 percent of U.S. live animal imports.

The actual amount of U.S. imports of meat and meat products from either country has been very small. But even so, Canada is the primary foreign source of U.S. imports of chilled and frozen pork. Imports of this particular commodity have increased substantially in recent years, rising from $20.9 million in 1969 to $148.7 million in 1981. Historically, both Canada and Mexico have supplied some beef to the United States, although today Mexico is a net importer of U.S. meat.

The United States and Canada have long been among the world's largest exporters of wheat and feed grains.

Selected U.S. agricultural exports and imports for Canada and Mexico

	Canada		Mexico	
	1980	1981	1980	1981
	Million dollars			
	U.S. exports			
Total	1,750	2,022	2,003	2,732
Animals and animal products	265	330	282	363
Grains and grain products	152	180	1,058	1,263
Fruits and preparations	381	436	10	32
Vegetables and preparations	245	330	103	296
Oilseeds and products	234	220	410	455
Cotton	95	113	[1]	[1]
Other agricultural products	378	413	140	323
	U.S. imports			
Total	1,023	1,143	1,197	1,075
Animals and animal products	548	557	145	96
Grains and grain products	120	132	10	15
Fruits and preparations	32	33	132	123
Vegetables and preparations	88	66	364	468
Oilseeds and products	24	63	26	28
Cotton	—	—	40	21
Other agricultural products	211	292	480	324

[1]Less than $500,000. — = Not available.

Source: USDA, U.S. Foreign Agricultural Trade Statistical Reports, Fiscal Year 1981.

Canadian-U.S. trade in these commodities is minimal, although movement of feed grains from the United States to eastern Canada has been increasing. In 1981, for example, the United States exported $180.4 million worth of grains and grain preparations to Canada, with corn accounting for 40 percent of this amount.

Mexican grain import requirements are larger. Until the early 1970's, Mexico was a grain exporter (principally corn and occasionally wheat). Rapid population increases, rising incomes, and poor harvests in recent years have turned Mexico into a net grain importer. In 1981, Mexico imported $1.8 billion worth of grains and feedstuffs. Corn was the primary import ($451 million), and the principal supplier was the United States, which not only supplied 100 percent of Mexico's corn imports, but also 94 percent of the wheat and 95 percent of the cereal products purchased.

A major area of agricultural trade involving all three countries is fruits and vegetables. Mexico is a major source for U.S. imports of fresh winter vegetables, accounting for 99.6 percent ($237 million) of U.S. tomato imports and a large percentage of other fresh vegetables in 1981. Canada is essentially the only source of U.S. potato imports. In terms of U.S. exports, Mexico takes relatively little in the way of U.S. fruit and vegetables. Canada, on the other hand, is the largest export market for these items. In 1981, Canadian purchases of fresh and frozen fruit and vegetables totaled $498 million.

Oilseeds have moved both ways across both borders. U.S. imports of rapeseed from Canada and sesame seeds from Mexico have been low, and Canada and Mexico are relatively small markets for the United States, compared with other countries. The United States is, however, the principal oilseed supplier for these countries, providing 57 percent ($208 million) of Mexico's 1981 soybean imports and 95 percent ($191 million) of Canada's 1980 oilseed imports.

Other commodities are also important in North American agricultural trade. Coffee is the most important agricultural commodity that the United States imports from Mexico, with 1981 imports valued at $248 million. Hides and skins, on the other hand, are a significant U.S. export to Mexico, totaling $69 million in 1981.

Any movement toward liberalization of agricultural trade among the North American nations must contend with the fact that the domestic agricultural policies of each nation probably have more of an effect on trade than do the tariff and nontariff restrictions currently in force. Overall, it is fair to say that both Canada and the United States rely heavily on the marketplace for sending signals to agricultural producers. Likewise, both countries have put into place policies to promote income stability for farmers. The Mexican Government, to the contrary, rarely allows free market forces to affect individual producer decisions.

The overall orientation of agricultural trade policy also differs markedly from country to country. Mexico is by far the most restrictive of the three. Since Mexico is not a member of the General Agreement on Trade and Tariffs (GATT), Mexican duties on imports are not bound and are subject to unilateral changes. Moreover, duties are levied on an "official price basis," which may be appreciably higher than the actual invoice price in some cases. Quantitative restrictions, especially through import licensing, are common. All in all, the Government has exercised strict control over the importation and distribution of basic agricultural commodities.

The United States mainly exercises import protection through tariffs, which may be either specific or ad valorem in nature. The GATT binds most U.S. tariffs on agricultural commodities. Some tariff rates—chiefly those for fruit, nuts, and vegetables—may change according to the season of the year.

Canadian trade restrictions are also usually carried out through import tariffs. Canada is also a member of the GATT and has agreed to bind most tariffs. There are some products—eggs, chickens, and broilers—that are subject to quantitative restrictions.

Because of the extensive trade restrictions that exist between the United States and its neighbors, the establishment of free trade would have major effects on the agricultural and general economies of each country. While it is extremely difficult to derive quantitative assessments of total gains and losses, the one general conclusion that could be drawn is that under free trade, efficient producers could expand their operations to serve larger markets. On the other hand, relatively inefficient producers would tend either to reduce their operations or to shut down entirely.

Based on the assumption that most U.S. agricultural producers are relatively more efficient than their competitors in Canada and Mexico, and that U.S. trade restrictions on most commodities are less than those imposed by Canada and Mexico, the overall conclusion is that the implementation of free trade would increase U.S. agricultural production at the expense of total agricultural output in Canada and Mexico. Nevertheless, it is easy to point out individual industries in each country—e.g., winter vegetables in Mexico, potatoes in Canada, and pork in the United States—that would gain under free trade. Thus, the producers who could gain would favor a free market, while those who would lose would object to any reduction in trade barriers. A review of the recent history of North American agricultural trade issues is illustrative of the difficulties that might be encountered in moving toward freer trade.

In recent years, there have been issues and problems that have arisen affecting trade between the United States and its neighbors. These range from commodity-specific issues, such as problems affecting U.S. imports of Canadian potatoes and Mexican winter vegetables, to broad issues that affect agricultural trade in general.

Of the broad issues, several have been predominant. Negotiations between the United States and the other North American nations during the Multilateral Trade Negotiation (MTN) talks were extensive. Canada and the United States both sought to harmonize duties on commodities that move both ways across the border. Livestock issues dominated much of the talk and resulted in U.S. tariffs being lowered to 1 cent a pound for all imports of Canadian meat. Duties on corn and barley were coordinated at 5 cents a bushel for both countries. Another concession made by the United States was to gradually eliminate its tariff-rate quota on fresh potatoes. Additionally, both Canada and the United States agreed to lower and to harmonize the duty on potatoes—35 cents per cwt.

The United States and Mexico also agreed to several major changes in trade restrictions during the MTN discussions. The concession package negotiated by both Governments, however, was linked to Mexico becoming a signatory of the GATT. When it was announced on March 18, 1980, that Mexico would not join the GATT at that time, the concessions were not put in place.

In 1978, Canada changed its tariff system for fruit and vegetables, and this has also affected U.S.-Canadian trade. After an unsuccessful attempt by the U.S. Government to dissuade implementation of the change, the United States then sought compensation for impairment of exports under the provisions of Article XXVIII of the GATT. Reductions were achieved for some of the proposed duty increases and for tariffs affecting other U.S. exports to Canada.

Commodity-specific issues probably are the most sensitive areas affecting trade relations between the countries of North America. Producer groups in the various countries have quickly complained to their Governments whenever they have felt their economic interests threatened. In recent times, imports of Canadian potatoes and Mexican winter vegetables have been areas of difficulty. Although the United States traditionally has exported three times as many potatoes to Canada as are received from that country, the regional pattern of trade has caused a problem. Most American exports go from the Northwest into western Canada, while Canadian imports originate in New Brunswick and Prince Edward Island and flow into the northeastern United States. In 1979/80, when prices were very low due to large supplies, Maine growers threatened to close the border to Canadian potatoes. No satisfactory solution has yet been found. Both countries, however, have tried to defuse the issue by paying temporary deficiency payments to their growers. Maine growers now are implementing a comprehensive, long-range plan aimed at improving their competitive position in the market.

The problem with Mexican winter vegetables is similar. During the winter, Mexico supplies as much as 50 percent of some vegetables to the U.S. market. In September 1978, the issue, which is a long-standing one, came to a head when Florida vegetable producers charged that they were being extensively damaged by excessive imports of specific Mexican vegetables, which, according to the Florida charges, were being "dumped" on the U.S. market. After negotiations between Mexico and the United States failed to achieve a solution, the Department of Commerce was given responsibility for determining whether dumping actually was occurring. The final decision, announced on March 24, 1980, was that Mexico was not dumping its winter vegetables on the U.S. market. This decision, however, is being appealed by Florida's growers.

There have also been difficulties relating to Canada's decisions to impose a surtax on imports of various fruit, nuts, and vegetables should their f.o.b. prices fall below a certain level. Although this tax has not yet been used, it has become part of Canada's trade law and is of concern to American producers and trade officials.

Mexico has also stimulated American reaction by closing its border to imports of specific commodities without prior notification. In 1979, this occurred first for pork and pork products and later for hides and skins, which were refused entry even though import licenses had been granted.

Some trade issues between the United States and the other North American nations have been resolved satisfactorily. In January 1981, the United States and Mexico completed an agricultural supply agreement in which the United States promised to help Mexico acquire specified quantities of wheat, corn, sorghum, soybeans, and other commodities in 1981. With the United States in possession of large surpluses and the Mexicans facing a severe food deficit in various commodities, the agreement clearly served the interests of both countries at the time. It must be viewed as an encouraging development, however, that such an agreement—which would have been

very unlikely only a few years earlier—was reached quickly and resulted in unprecedented cooperation between the Governments and transportation systems of the two countries. The success of the 1981 agreement is also attested to by the implementation of a similar agreement for 1982.

Although there are many other areas of potential cooperation that have yet to be explored, it is very unlikely that any of the three nations—particularly Canada and Mexico—would agree now or in the near future to a movement towards a formal trade union. Much more likely are bilateral or even trilateral agreements that focus on specific commodities. An agreement that would eliminate the rather minimal Canadian-U.S. trade restrictions on grains, oilseeds, and selected livestock imports may be achievable. While other agreements—for example, one that allowed for a free flow of fruit, nuts, and vegetables among the three nations—would do even more to take advantage of the strengths of each country, such are unlikely in the near future.

The trading patterns and problems of the present arise from various historical, political, economic, and social factors, only some of which fall fully under the control of decisionmakers in the three countries. Potential future agreements will result in specific benefits, but they will also incur costs. Whether such agreements actually occur will involve careful calculation of the economic and political gains and losses of various interest groups within each nation. (J. Larry Deaton)

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Table 1—Latin America: Population, gross domestic product, and gold and foreign exchange holdings[1]

Country	Population			Gross domestic product			Gold and foreign exchange holdings[2]		
	1980	1981	Change	1979[3]	1980[4]	1981[4]	1980[5]	1981[6]	Change
	Millions		*Percent*	*Mil. dol.*	*Percent*		*Mil. dol.*		*Percent*
Mexico	67.4	69.4	2.9	99,872	8.3	8.1	3,812	4,76	6.9
Barbados	0.3	0.3	0.7	627	4.9	−2.5	79	100	26.9
Cuba	9.7	9.9	1.6	[7]23,343	4.0	12.0	NA	NA	NA
Dominican Republic	5.7	5.8	2.6	5,404	5.0	3.5	275	283	2.7
Haiti	5.8	5.9	2.3	1,290	5.4	0.1	26	24	−7.7
Jamaica	2.2	2.3	1.2	3,274	−3.5	1.3	105	154	47.0
Trinidad/Tobago	1.1	1.2	2.0	2,554	6.0	2.0	2,782	3,347	20.3
Other Caribbean Islands	1.5	1.5	1.3	1,924	6.9	6.2	210	236	12.4
Caribbean	26.4	26.9	1.9	38,416	3.8	8.3	3,477	4,140	19.0
Costa Rica	2.2	2.3	2.5	3,331	1.2	−3.6	199	131	−34.0
El Salvador	4.8	4.9	3.3	3,588	−9.5	−9.6	99	94	−5.8
Guatemala	6.9	7.2	3.2	8,129	3.0	1.0	467	172	−63.2
Honduras	3.6	3.8	3.6	2,302	2.5	0.0	151	102	−32.5
Nicaragua	2.7	2.7	3.4	1,967	9.9	5.0	70	149	112.9
Panama	1.9	2.0	2.2	3,339	4.9	4.0	121	120	−0.9
Belize	0.2	0.2	3.1	—	—	—	—	—	—
Central America	22.4	23.1	3.1	22,656	1.5	−0.4	1,107	748	−32.4
Argentina	27.9	28.4	1.8	53,068	−0.2	−6.1	6,904	3,453	−50.0
Bolivia	5.3	5.5	2.6	3,148	0.8	0.0	137	134	−2.2
Brazil	119.0	121.9	2.5	185,349	8.5	−3.5	6,912	7,509	8.6
Chile	11.2	11.4	1.7	16,589	6.5	5.0	4,087	3,874	−5.2
Colombia	26.6	27.1	2.1	23,132	4.0	2.5	5,356	5,505	2.8
Ecuador	8.0	8.4	3.2	6,031	4.6	4.0	1,031	752	−27.0
Guyana	0.9	0.9	2.1	595	−1.0	−5.0	13	7	−46.2
Paraguay	3.1	3.2	3.3	3,258	11.0	8.5	766	810	5.7
Peru	17.8	18.3	2.8	20,237	3.1	3.9	2,259	1,490	−34.0
Suriname	0.5	0.5	2.3	717	−3.0	−6.0	191	209	9.3
Uruguay	3.0	3.0	0.5	6,048	4.5	2.0	889	928	4.4
Venezuela	16.3	16.8	3.2	37,604	−1.2	−0.8	7,088	8,648	22.0
South America	237.9	243.7	2.4	355,776	5.3	−2.0	35,633	33,206	−6.8
Latin America	354.1	363.1	2.5	516,720	5.6	0.7	44,002	42,141	−4.2

— =Not Available

[1]Regional totals include only those countries for which data are shown. [2]Total of gold, foreign exchange holdings, and reserve position in the International Monetary Fund. [3]Value in 1980 prices converted to U.S. dollars, using the average end-of-quarter free or principal import rates of exchange. [4]Estimates of growth in real terms. [5]Position at the end of December 1981. [6]Position at the end of December 1981 except as follows: July [Uruguay], March [Mexico], Analyst Estimates [Nicaragua]. [7]For Cuba, Global Social Product.

Sources: International Monetary Fund; U.S. Agency for International Development; other U.S. Government agencies; Inter-American Development Bank; Cuban Statistical Book,1979; World Bank 1980 Atlas - Brazil (GDP).

Table 2—Latin America: Indices of total and per capita agricultural and food production[1]

Country	Total						Per capita					
	Agriculture			Food			Agriculture			Food		
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981
						1969-71=100						
Mexico	127	136	145	131	140	151	94	98	106	97	101	110
Barbados	99	108	91	99	108	91	86	90	76	86	90	76
Cuba	118	109	113	119	111	113	102	93	95	103	95	96
Dominican Republic	138	143	147	135	138	146	107	107	107	103	104	106
Haiti	117	117	123	123	117	128	99	97	99	104	96	103
Jamaica	112	106	104	112	106	104	95	88	85	95	88	85
Trinidad/Tobago	103	92	94	104	93	95	92	80	81	93	81	81
Caribbean Island	122	117	120	122	117	121	103	97	97	103	97	98
Costa Rica	134	135	137	143	128	135	108	105	103	114	101	102
El Salvador	143	120	103	153	135	125	109	88	73	117	100	89
Guatemala	145	140	148	137	136	149	113	106	108	107	102	109
Honduras	137	137	135	125	124	122	103	99	94	93	88	85
Nicaragua	93	102	109	103	98	110	71	73	74	77	70	76
Panama	126	120	131	126	120	131	94	88	94	94	88	94
Central America	132	127	127	132	125	130	101	94	92	101	93	94
Argentina	139	128	138	140	130	141	123	111	118	124	113	121
Bolivia	133	129	125	129	128	125	106	101	95	103	100	95
Brazil	145	160	169	151	170	173	117	128	132	121	135	134
Chile	115	117	129	114	117	130	98	98	106	97	98	107
Colombia	150	159	161	152	161	163	123	127	126	124	130	128
Ecuador	142	157	164	142	158	166	109	116	118	109	118	120
Guyana	112	110	118	112	109	117	92	89	94	92	89	94
Paraguay	161	168	176	158	166	170	124	126	128	122	124	124
Peru	105	104	116	104	103	117	81	78	84	80	77	85
Suriname	142	142	155	142	142	155	114	112	119	114	112	119
Uruguay	95	103	118	95	104	121	92	98	113	91	99	116
Venezuela	154	158	155	159	163	160	115	114	108	118	118	112
South America	140	145	153	143	149	156	114	116	119	117	119	122
Latin America	135	140	147	138	143	150	108	110	112	111	112	115

[1]Revised data for 1979 and 1980; preliminary for 1981.

Source: Economic Research Service, Indices of Agricultural Production.

Table 3—Area and production of selected agricultural products by principal Latin American countries or regions[1]

Commodity and country	Area[2]			Production		
	1979	1980	1981[3]	1979	1980	1981[3]
	1,000 hectares			*1,000 tons*		
Wheat:						
Mexico	620	740	850	2,280	2,650	3,050
Central America	59	50	55	40	42	50
Argentina	4,787	5,023	5,550	8,100	7,780	7,800
Brazil	3,831	3,062	1,921	2,927	2,641	2,207
Chile	561	546	432	995	966	686
Uruguay	380	250	350	500	370	400
Other S. America	282	272	273	273	232	304
Total	10,520	9,943	9,431	15,115	14,681	14,497
Rice (rough):						
Mexico	160	130	190	450	390	562
Cuba	142	200	200	312	346	350
Dominican Republic	120	125	128	338	354	369
Other Caribbean Islands	62	63	63	117	116	122
Panama	99	98	100	163	136	177
Other C. America	147	165	160	419	356	436
Argentina	102	82	82	312	266	286
Brazil	5,452	6,469	6,477	7,595	9,638	8,638
Colombia	442	416	413	1,932	1,892	1,880
Guyana	88	96	110	232	276	298
Peru	115	100	120	471	419	706
Suriname	60	65	59	244	244	260
Uruguay	69	67	67	262	288	362
Venezuela	172	187	229	653	712	730
Other S. America	224	244	235	546	588	608
Total	7,454	8,507	8,633	14,046	15,667	15,784
Corn:						
Mexico	7,600	8,100	8,700	9,200	10,400	12,500
Caribbean Islands	279	284	291	324	299	370
Guatemala	664	644	713	1,041	902	997
Honduras	348	340	340	333	337	388
Other C. America	553	641	600	814	823	845
Argentina	2,890	2,490	3,450	8,700	6,400	12,800
Bolivia	244	272	265	335	335	327
Brazil	11,319	11,621	12,810	16,306	20,374	22,555
Colombia	616	614	629	871	854	800
Peru	360	320	340	600	440	590
Venezuela	534	416	286	848	661	415
Other S. America	704	784	869	1,294	1,339	1,523
Total	26,111	26,526	29,293	40,666	43,164	54,110
Grain sorghum:						
Mexico	900	1,100	1,100	2,000	3,800	4,200
Caribbean Islands	168	170	173	201	176	216
Central America	320	292	282	323	359	368
Argentina	2,117	1,279	2,078	6,500	2,960	7,100
Colombia	195	206	231	501	430	532
Venezuela	228	309	312	429	584	540
Uruguay	39	50	74	30	84	199
Other S. America	104	102	128	212	217	282
Total	4,071	3,508	4,378	10,196	8,610	13,437
Beans, dry:						
Mexico	1,400	1,800	2,000	750	900	1,300
Caribbean Islands	170	174	173	239	242	257
Central America	317	295	307	218	183	246
Brazil	4,212	4,785	4,800	2,186	1,969	2,407
Chile	110	111	118	116	84	138
Peru	52	50	52	40	38	40
Venezuela	90	96	70	44	52	20
Other S. America	496	476	477	421	349	398
Total	6,847	7,787	7,997	4,014	3,817	4,806

See next page for footnotes.

Continued

Table 3—Area and production of selected agricultural products by principal Latin American countries or regions[1] (continued)

Commodity and country	Area[2]			Production		
	1979	1980	1981[3]	1979	1980	1981[3]
	1,000 hectares			*1,000 tons*		
Sweet potatoes and yams:						
Mexico	6	6	6	60	61	61
Caribbean Islands	157	157	157	896	870	888
Central America	1	1	1	1	1	1
Argentina	34	34	34	322	302	247
Brazil	91	100	110	819	1,200	1,300
Paraguay	14	14	15	106	115	120
Peru	16	15	16	160	150	165
Other S. America	23	23	23	188	198	204
Total	342	350	362	2,552	2,897	2,986
Potatoes:						
Mexico	87	71	86	1,000	892	1,075
Caribbean Islands	14	15	15	205	242	262
Central America	12	12	13	76	80	85
Argentina	110	112	116	1,694	1,568	2,247
Bolivia	160	131	150	720	720	720
Brazil	204	180	200	2,154	1,948	1,907
Chile	81	89	90	771	903	1,007
Colombia	151	164	147	1,966	2,065	1,900
Peru	225	210	250	1,400	1,380	1,650
Other S. America	69	69	72	913	931	872
Total	1,113	1,053	1,139	10,899	10,729	11,725
Cotton:						
Mexico	380	360	355	342	367	316
Caribbean Islands	6	6	6	4	3	3
Guatemala	126	102	84	148	126	105
Nicaragua	45	94	95	22	73	73
Other C. America	90	68	55	74	52	39
Argentina	669	565	310	174	160	85
Brazil	1,975	1,980	2,000	539	577	596
Colombia	176	219	211	97	125	116
Peru	132	140	143	90	97	97
Other S. America	367	262	327	113	114	131
Total	3,966	3,796	3,586	1,603	1,694	1,561
Peanuts:						
Mexico	38	40	47	55	60	75
Caribbean Islands	112	107	100	93	90	85
Argentina	393	281	190	670	294	239
Brazil	286	320	235	462	483	310
Other S. America	82	88	88	86	76	72
Total	911	836	660	1,366	1,003	781
Soybeans:						
Mexico	380	150	370	680	280	680
Argentina	1,600	2,030	1,740	3,700	3,650	3,500
Brazil	8,256	8,755	8,699	10,200	15,152	15,525
Paraguay	360	400	520	549	575	600
Other S. America	169	176	138	218	235	169
Total	10,765	11,511	11,467	15,347	19,892	20,474
Tobacco:						
Mexico	49	51	42	69	70	62
Cuba	57	20	20	33	7	50
Dominican Republic	37	30	33	53	49	45
Other Caribbean Islands	2	2	2	5	6	5
Central America	17	17	15	22	23	20
Argentina	75	51	49	70	62	52
Brazil	301	250	239	422	407	377
Colombia	26	24	26	34	28	31
Other S. America	46	38	34	51	41	38
Total	610	483	460	759	693	680

[1]Includes crops harvested mainly in year shown. Latin America totals are for the 25 Latin American countries. [2]Harvested area insofar as possible. [3]Preliminary.

Sources: Economic Research Service; Foreign Agricultural Service; Food and Agricultural Organization of the United Nations, *Production Yearbook of Agriculture*.

Table 4—Latin America: Production of selected agricultural products[1]

Commodity by Country	1979	1980	1981[2]
		1,000 tons	
Crops			
Cassava:			
Caribbean Islands	810	782	804
Central America	114	115	115
Brazil	24,962	24,045	25,000
Colombia	2,081	2,128	2,154
Paraguay	1,888	1,950	1,970
Peru	403	400	410
Other S. America	950	977	975
Total	31,208	30,397	31,428
Sugar, centrifugal (raw):			
Mexico	2,763	2,764	2,518
Cuba	8,048	6,787	7,000
Dominican Republic	1,167	1,012	1,043
Other Caribbean Islands	748	701	647
Central America	1,476	1,427	1,546
Argentina	1,411	1,716	1,550
Brazil	6,970	8,100	8,500
Colombia	1,096	1,306	1,300
Peru	715	552	500
Venezuela	325	315	253
Other S. America	1,167	1,124	1,301
Total	25,886	25,804	26,158
Cottonseed:			
Mexico	560	590	510
Caribbean Islands	7	6	6
Central America	395	417	350
Brazil	951	1,010	1,130
Colombia	160	200	203
Peru	155	170	170
Other S. America	531	514	403
Total	2,759	2,907	2,772
Livestock and Poultry Products			
Beef and Veal:			
Mexico	1,025	1,065	1,129
Cuba	150	160	160
Other Caribbean Islands	75	83	88
Central America	398	344	328
Argentina	3,092	2,876	3,000
Brazil	2,100	2,150	2,250
Colombia	601	654	630
Uruguay	266	336	400
Other S. America	797	848	866
Total	8,504	8,516	8,851
Pork:			
Mexico	430	470	490
Caribbean Islands	97	78	68
Central America	71	63	64
Argentina	259	266	255
Brazil	900	1,000	980
Colombia	120	126	130
Other S. America	369	359	370
Total	2,246	2,362	2,357
Poultry Meat:			
Mexico	418	476	522
Caribbean Islands	239	237	242
Central America	81	83	87
Argentina	193	231	235
Brazil	1,096	1,380	1,495
Venezuela	211	232	241
Other S. America	360	451	489
Total	2,598	3,090	3,311

Commodity by Country	1979	1980	1981[2]
		1,000 tons	
Cocoa beans:			
Mexico	34	36	38
Dominican Republic	37	30	34
Other Caribbean Islands	12	11	11
Brazil	296	357	325
Central America	10	8	10
Ecuador	85	95	85
Other S. America	43	44	47
Total	517	581	550
Bananas:			
Mexico	1,553	1,948	1,600
Caribbean Islands	1,339	1,268	1,308
Coast Rica	1,100	1,187	1,100
Honduras	1,482	1,435	1,285
Panama	745	550	640
Other C. America	627	625	633
Brazil	4,444	4,912	4,800
Peru	710	715	740
Ecuador[3]	2,203	2,240	2,275
Venezuela	961	983	927
Other S. America	1,798	1,932	2,067
Total	16,962	17,795	17,375
Coffee:			
Mexico	216	222	234
Dominican Republic	45	54	47
Other Caribbean Islands	51	67	58
Central America	582	572	537
Brazil	1,320	1,290	1,950
Colombia	756	763	810
Other S. America	240	238	255
Total	3,210	3,206	3,891
Milk:			
Mexico	7,055	7,010	7,080
Cuba	800	889	900
Other Caribbean Islands	469	481	491
Central America	1,419	1,236	1,245
Argentina	5,344	5,255	5,300
Brazil	10,100	10,265	10,500
Chile	1,012	1,145	1,295
Colombia	1,968	2,342	2,623
Other S. America	3,185	3,206	3,388
Total	31,352	31,829	32,822
Eggs:			
Mexico	583	646	668
Caribbean Islands	153	163	197
Central America	152	155	162
Brazil	410	456	456
Chile	55	64	70
Peru	40	44	47
Other S. America	973	1,009	1,035
Total	2,366	2,537	2,635
Wool, shorn:			
Mexico	8	8	8
Argentina	166	163	163
Brazil	31	27	30
Uruguay	72	79	83
Other S. America	40	40	42
Total	317	317	326

[1]Crops harvested mainly in year shown; cocoa bean and coffee harvests begin in year shown; area data not available. [2]Preliminary. [3]Exportable type only.

Sources: Economic Research Service; Foreign Agricultural Service; Food and Agriculture Organization of the United Nations, *Production Yearbook of Agriculture*.

Table 5—Latin America: Exports and imports of selected agricultural commodities

Commodity by country	Exports 1979	Exports 1980[1]	Exports 1981[1]
	1,000 tons		
Wheat (including flour in wheat equivalent):			
Mexico	15	10	10
Caribbean Islands	27	41	41
Argentina	4,295	4,481	3,755
Total	4,337	4,532	3,806
Rice, milled basis:			
Central America	50	38	15
Argentina	95	107	107
Brazil	—	—	37
Colombia	31	58	22
Guyana	84	81	81
Suriname	108	108	108
Uruguay	153	137	190
Other S. America	—	7	7
Total	521	536	567
Corn:			
Caribbean Islands	6	2	2
Central America	18	23	—
Argentina	5,959	3,525	9,112
Brazil	10	—	—
Other S. America	12	26	11
Total	6,005	3,576	9,125
Sugar, raw basis:			
Cuba	7,199	6,170	7,071
Barbados	101	122	81
Dominican Republic	1,035	793	850
Jamaica	191	137	127
Trinidad/Tobago	88	64	50
Other Caribbean Islands	134	141	87
Central America	766	787	732
Brazil	1,830	2,571	2,701
Colombia	240	270	220
Guyana	271	296	276
Peru	187	55	—
Other S. America	566	675	692
Total	12,608	12,081	12,887
Coffee, green or roasted:			
Mexico	174	130	122
Cuba	7	8	8
Dominican Republic	37	32	35
Haiti	14	25	15
Other Caribbean Islands	3	3	3
El Salvador	190	187	149
Guatemala	129	115	132
Other C. America	214	182	209
Brazil	562	774	810
Colombia	686	687	542
Other S. America	168	161	126
Total	2,184	2,304	2,151
Bananas, plantains, fresh:			
Guadeloupe	108	61	61
Jamaica	64	31	23
Martinique	139	54	54
Other Caribbean Islands	107	84	84
Costa Rica	997	973	1,043
Honduras	892	862	762
Panama	568	508	588
Other C. America	316	451	410
Brazil	128	66	67
Colombia	626	710	795
Ecuador	1,386	1,318	1,210
Other S. America	27	34	34
Total	5,358	5,152	5,121

Commodity by country	Exports 1979	Exports 1980[1]	Exports 1981[1]
	1,000 tons		
Cocoa Beans:			
Mexico	2	1	—
Dominican Republic	29	23	26
Other Caribbean Islands	9	8	9
Central America	9	9	9
Brazil	157	124	125
Ecuador	90	90	80
Other S. America	12	12	18
Total	308	267	267
Beef and Veal:[2]			
Mexico	6	1	1
Caribbean Islands	3	4	5
Costa Rica	47	32	40
Nicaragua	46	24	14
Other C. America	72	53	50
Argentina	697	469	486
Brazil	110	169	220
Colombia	15	13	19
Uruguay	81	117	170
Total	1,077	882	1,005
Cotton, raw:			
Mexico	211	172	183
Guatemala	138	115	94
Nicaragua	20	70	70
Other C. America	69	67	43
Argentina	63	87	60
Paraguay	77	75	85
Other S. America	58	91	127
Total	636	677	662
Tobacco, unmanufactured:			
Mexico	21	24	21
Cuba	13	3	15
Dominican Republic	42	22	40
Central America	13	13	13
Argentina	22	17	17
Brazil	126	128	132
Colombia	13	21	16
Paraguay	12	15	8
Other S. America	22	17	17
Total	284	260	279
Soybean Meal:[3]			
Argentina	347	278	325
Bolivia	14	19	13
Brazil	5,171	6,582	8,884
Paraguay	70	60	40
Uruguay	12	7	5
Soybean Oil:[3]			
Argentina	81	81	77
Brazil	534	745	1,281
Soybeans:[3]			
Argentina	2,810	2,709	2,207
Brazil	638	1,549	1,500
Paraguay	347	415	525
Barley:[3]			
Argentina	57	43	6
Uruguay	33	63	75

See next page for footnotes.

Continued

Table 5—Latin America: Exports and imports of selected agricultural commodities (continued)

Commodity by country	Imports 1979	Imports 1980[1]	Imports 1981[1]
	1,000 tons		
Wheat (including flour in wheat equivalent):			
Mexico	1,180	677	1,104
Cuba	1,294	1,186	1,200
Dominican Republic	160	160	150
Haiti	104	126	173
Jamaica	124	127	164
Trinidad/Tobago	100	120	100
Other Caribbean Islands	158	168	168
Central America	481	517	547
Bolivia	199	230	275
Brazil	3,655	4,599	4,066
Colombia	336	640	509
Chile	728	1,069	1,041
Peru	825	813	972
Venezuela	733	686	891
Other S. America	833	684	794
Total	10,711	11,572	11,879
Rice, milled basis:			
Mexico	15	130	140
Cuba	170	200	225
Jamaica	44	51	63
Trinidad/Tobago	36	36	36
Other Caribbean Islands	54	113	135
Central America	20	53	27
Brazil	711	239	187
Chile	9	48	16
Peru	150	251	102
Other S. America	47	28	23
Total	1,256	1,149	954
Corn:			
Mexico	865	4,851	2,803
Cuba	350	506	525
Jamaica	152	162	190
Trinidad/Tobago	96	95	115
Other Caribbean Islands	174	252	210
Central America	140	274	219
Brazil	1,526	1,594	570
Chile	198	434	315
Peru	125	485	344
Venezuela	435	1,141	734
Other S. America	144	251	95
Total	4,205	10,045	6,120
Sugar, raw basis:			
Mexico	—	742	552
Caribbean Islands	18	25	24
Chile	272	466	51
Uruguay	43	35	20
Venezuela	212	350	333
Other S. America	4	53	162
Total	549	1,671	1,142
Coffee, green or roasted:			
Caribbean Islands	21	23	23
Argentina	36	26	24
Other S. America	10	4	5
Total	67	53	52
Bananas, plantains, fresh:			
Mexico	20	22	22
Caribbean Islands	7	7	7
El Salvador	47	40	40
Argentina	142	178	165
Chile	102	123	125
Uruguay	30	—	—
Total	348	370	359
Cocoa Beans:			
Colombia	2	2	—
Other S. America	1	—	—
Total	3	2	—

Commodity by country	Imports 1979	Imports 1980[1]	Imports 1981[1]
	1,000 tons		
Beef and Veal:[2]			
Caribbean Islands	27	26	27
Mexico	2	1	9
Brazil	114	46	40
Chile	6	7	8
Peru	—	4	10
Venezuela	12	22	16
Total	165[4]	106	110
Cotton raw:			
Caribbean Islands	28	31	30
Central America	6	6	6
Chile	13	14	12
Uruguay	6	7	6
Other S. America	21	7	15
Total[5]	75	66	70
Tobacco, unmanufactured:			
Caribbean Islands	3	3	2
Central America	4	3	2
Chile	2	2	2
Uruguay	4	4	4
Other S. America	3	4	3
Total	16	16	14
Soybean Meal:[3]			
Mexico	147	178	108
Central America	66	97	103
Cuba	75	80	85
Dominican Republic	22	26	45
Other Caribbean Islands	40	35	40
Chile	26	58	43
Peru	—	47	47
Venezuela	285	339	414
Soybean Oil:[3]			
Mexico	1	50	2
Central America	27	33	35
Caribbean Islands	66	68	79
Bolivia	5	7	27
Chile	55	49	76
Colombia	81	82	109
Ecuador	20	30	30
Peru	40	40	61
Venezuela	19	20	54
Other S. America	78	50	50
Soybeans:[3]			
Mexico	408	931	1,140
Central America	—	16	15
Dominican Republic	18	38	45
Other Caribbean Islands	61	78	82
Brazil	213	474	900
Peru	22	—	10
Venezuela	42	66	50
Barley:[3]			
Mexico	50	199	85
Cuba	75	82	90
Chile	70	38	6
Colombia	49	39	80
Peru	35	37	40
Other S. America	91	157	132
Apples:[3]			
Mexico	5	8	9
Venezuela	15	16	16
Brazil	190	185	190
Other S. America	15	20	22
Pulses:[3]			
Mexico	19	307	350
Cuba	87	85	85
Other Caribbean Islands	20	24	25
Central America	21	28	34
Argentina	2	2	—
Colombia	6	6	—
Venezuela	72	103	103

— = Insignificant or not available.

[1]Preliminary. [2]Carcass weight basis; excludes fats and offals. [3]Totals for Latin America unavailable. [4]Includes Uruguay. [5]Includes Mexico.

Sources: Economic Research Service; Foreign Agricultural Service; Food and Agriculture Organization of the United Nations, *Trade Yearbooks*.

Table 6—U.S. agricultural trade with Latin America

Country	Exports			Imports		
	1979	1980	1981[1]	1979	1980	1981[1]
	Million dollars					
Mexico	1,023.5	2,467.8	2,431.9	1,229.4	1,059.2	1,101.8
Bahamas	60.8	71.4	69.2	1.1	0.8	1.3
Barbados	22.9	28.3	29.0	11.9	38.2	13.2
Bermuda	29.7	33.0	35.0	—	—	—
Dominican Republic	174.8	217.5	229.6	430.0	454.3	538.6
French West Indies	11.5	14.5	12.4	0.7	0.5	0.3
Haiti	46.5	70.1	68.0	27.6	33.7	20.8
Jamaica	77.1	76.5	101.5	14.7	33.5	6.4
Leeward & Windward Isles	29.7	37.3	48.5	9.1	10.8	4.8
Netherlands Antilles	65.2	67.8	78.8	2.3	0.2	8.2
Trinidad/Tobago	75.1	112.3	121.9	15.3	5.1	6.5
Other Caribbean Islands	6.5	7.2	6.9	0.4	—	—
Caribbean Islands	599.9	735.9	800.9	513.1	577.2	600.1
Belize	9.0	10.0	11.4	14.1	40.7	26.6
Costa Rica	40.8	66.9	46.7	333.5	281.7	279.9
El Salvador	49.8	50.0	73.2	270.1	293.9	143.3
Guatemala	53.3	81.0	76.6	379.0	373.5	276.6
Honduras	31.7	51.1	43.6	311.3	322.0	314.1
Nicaragua	19.8	64.6	40.1	180.2	156.1	108.7
Panama	62.2	84.6	78.9	84.8	111.4	115.5
Central America	266.6	408.1	370.5	1,572.9	1,579.2	1,264.7
Argentina	35.6	49.7	38.1	284.0	305.0	469.3
Bolivia	24.3	33.6	13.1	30.0	21.4	14.3
Brazil	536.0	680.4	710.5	1,503.3	2,018.8	1,905.2
Chile	160.7	319.6	293.3	46.6	45.9	67.9
Colombia	246.8	265.8	220.8	950.5	1,024.6	600.7
Ecuador	95.0	118.9	122.4	371.7	356.0	314.7
French Guiana	0.6	0.6	0.3	0.1	—	—
Guyana	20.7	23.7	20.4	11.1	37.0	37.4
Paraguay	1.6	2.6	2.9	156.8	51.8	38.4
Peru	174.0	315.9	420.2	245.0	151.0	102.2
Suriname	18.5	18.0	21.6	0.1	0.7	0.3
Uruguay	8.8	8.4	6.9	7.9	8.8	15.6
Venezuela	491.9	700.6	893.4	30.7	18.3	11.5
South America	1,793.9	2,537.8	2,763.9	3,637.8	4,039.2	3,577.5
Total Latin America	3,684	6,150	6,367	6,953	7,255	6,544
Total World	34,745	41,233	43,337	16,725	17,366	16,778
Latin America as percentage of World	10.6	14.9	14.7	41.6	42.0	39.0

[1]Preliminary.

— =Not available.

Sources: Bureau of the Census and Foreign Agricultural Service.

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NOW AVAILABLE

Developments in the Common Agricultural Policy of the European Community

By Timothy E. Josling and Scott R. Pearson. International Economics Division, Economic Research Service, U.S. Department of Agriculture. Foreign Agricultural Economic Report No. 172.

Summary

The European Community (EC) must reduce expenditures for agricultural support programs to avert a budget crisis and maintain funds for other EC programs. Policymakers have a choice of keeping prices low directly or with producer taxes, or of limiting quantities covered by support measures. This study examines future price levels and possible changes in EC policy, and the possible timing of those changes.

Present trends of rising agricultural support expenditures will not leave adequate funds to finance enlargement of the Community to include Spain and Portugal. EC expenditures are close to exceeding revenues, with the Common Agricultural Policy (CAP) accounting for almost 70 percent of these expenditures. EC revenues increase roughly in proportion with national income, but CAP expenditures increase in proportion to agricultural surpluses, which have risen 15 to 20 percent annually over the last 5 years. An increase in revenue to solve the budget problem would require modifications of basic treaties, which appear politically infeasible.

Thus, expenditure increases must be contained. Budget costs cannot be controlled if farm prices are allowed to rise enough to cover inflation. Price increases much smaller than past increases would control budget expenditures, or a nominal rise in agricultural prices may be possible if coupled with policy changes restricting production or the quantities which qualify for support.

All alternatives which can reduce EC budget costs also reduce subsidized exports and the protection of EC agriculture, thus easing tensions with EC trading partners. Countries outside the EC which export the products in which the EC has a surplus have a direct interest in the outcome of the Community's internal debate. The United States will be particularly interested because the EC is the largest market for U.S. agricultural exports. Any policy changes or reductions in price increases which adequately control the EC budget, however, may also be too restrictive on farm income and perhaps lead individual EC governments to return to national agricultural support.

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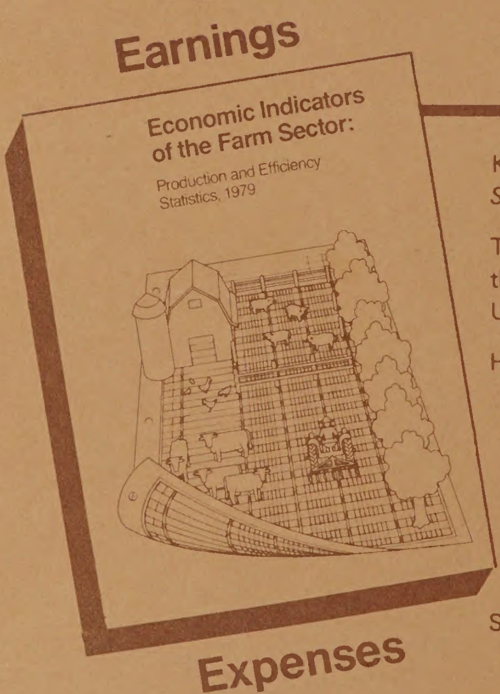

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